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COUNCIL OF STATE DEBATES

VOLUME II, 1931

(14th September to 27th November, 1931)

SECOND SESSION

OF THE

THIRD COUNCIL OF STATE, 1931



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GOVERNMENT OF INDIA PRESS
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CONTENTS.

	PAGES.
MONDAY, 14TH SEPTEMBER, 1931—	
• Address by His Excellency the Viceroy to the Members of the Council of State and the Legislative Assembly	1—7
TUESDAY, 15TH SEPTEMBER, 1931—	
Members Sworn	9
Message from His Excellency the Governor General	9
Committee on Petitions	9
Questions and Answers	10—81
Death of Maharaja Sir Muhammad Ali Muhammad Khan of Mahmudabad	81
Motion for the election of two non-official Members to the Standing Committee for the Department of Industries and Labour—Adopted	81
Motion for the election of a Member to the Governing Body of the Imperial Council of Agricultural Research—Adopted ..	82
Assent of the Governor General to Bills	82—83
Congratulations to the Honourable Mr. H. W. Emerson on the Honour conferred on him	83
Statement of Business	83
WEDNESDAY, 16TH SEPTEMBER, 1931—	
Member Sworn	85
Resolution <i>re</i> Stabilisation of Exchange at 1s. 4d.—Negatived ..	85—102
Resolution <i>re</i> Establishment of Provincial Departments of Commerce—Withdrawn	103—107
Resolution <i>re</i> Presentation of the Railway Budget during the autumn Session of the Central Legislature—Withdrawn ..	107—110
Resolution <i>re</i> Protection of Indian residents in Burma—Withdrawn	110—112
MONDAY, 21ST SEPTEMBER, 1931—	
Members Sworn	113
Questions and Answers	113—117
Bills passed by the Legislative Assembly laid on the Table ..	117
Resolution <i>re</i> Air service between Karachi, Delhi and Calcutta—Withdrawn	117—121
Resolution <i>re</i> Pay and allowances of officers of the Government of India—Withdrawn	121—127

	PAGES.
MONDAY, 21ST SEPTEMBER, 1931—contd.	
Resolution <i>re</i> Location of the Indian Sandhurst—Withdrawn ..	128—134
Resolution <i>re</i> Flag for British India—Negatived	134—138
Resolution <i>re</i> Improvement of the present lot of traders and cultivators in Burma—Withdrawn	138—142
Nominations for elections to the Standing Committee in the Department of Industries and Labour and to the Imperial Council of Agricultural Research	142
Statement of Business	143
WEDNESDAY, 23RD SEPTEMBER, 1931 ..	
Questions and Answers	145—147
Bills passed by the Legislative Assembly laid on the Table ..	147
Resolution <i>re</i> Continuation of the operation of the Wheat (Import Duty) Act for a further period of two years—Withdrawn	147—155
Provident Funds (Amendment) Bill—Introduced	155
Resolution <i>re</i> Representation of landholders in the new constitution Withdrawn	155—160
THURSDAY, 24TH SEPTEMBER, 1931	
Motion for the election of two members of the Advisory Committee to assist in the conduct of the publicity work of the Government of India—Adopted	161
Indian Mines (Amendment) Bill—Passed	161
Indian Succession (Amendment) Bill—Passed	161—162
Aligarh Muslim University (Amendment) Bill—Passed ..	162—163
Sheriff of Calcutta (Powers of Custody) Bill—Passed ..	163
Land Customs (Amendment) Bill—Passed	164
Resolution <i>re</i> Travelling and daily allowances of Members of the Council of State Adopted	165—168
Election of two non-official Members to the Standing Committee of the Department of Industries and Labour	168—169
Election of a Member to the Imperial Council of Agricultural Research	169
Statement of Business	169
MONDAY, 28TH SEPTEMBER, 1931—	
Member Sworn	171
Questions and Answers	171—176
Provisional Collection of Taxes Bill—Passed	176
Heavy Chemical Industry (Protection) Bill—Passed ..	176—180
Resolution <i>re</i> Utilisation of the apportionment made among Governors' Provinces and minor Administrations in the Road Development Account—Adopted	180—185
Election of two Members to the Advisory Committee in connection with the publicity work of the Government of India ..	185
Statement of Business	185

	PAGES.
TUESDAY, 29TH SEPTEMBER, 1931—	
Statement on the Financial Position	187—199
Statement of Business	199
MONDAY, 5TH OCTOBER, 1931—	
Members Sworn	201
Questions and Answers	201—205
Bill passed by the Legislative Assembly laid on the Table ..	205
Statement <i>re</i> Recommendation concerning the prevention of industrial accidents adopted by the Twelfth International Labour Conference, 1929	205—207
Resolution <i>re</i> Recommendation of the International Labour Conference concerning forced or compulsory labour—Adopted, as amended	207—211
TUESDAY, 6TH OCTOBER, 1931—	
Questions and Answers	213
Indian Press (Emergency Powers) Bill—Passed	213—241
MONDAY, 23RD NOVEMBER, 1931—	
Members Sworn	243
Questions and Answers	243—246
Messages from His Excellency the Governor General ..	246
Indian Finance (Supplementary and Extending) Bill—Laid on the Table	246—247
Governor General's assent to Bills	247
Indian Finance (Supplementary and Extending) Bill—Date for consideration	247
THURSDAY, 26TH NOVEMBER, 1931—	
Question and Answer	249
Indian Finance (Supplementary and Extending) Bill—Motion to consider, adopted	249—307
FRIDAY, 27TH NOVEMBER, 1931—	
Indian Finance (Supplementary and Extending) Bill—Considered and passed	309—353

INDEX
TO THE
COUNCIL OF STATE DEBATES.

Volume II, 1931

A

ACCIDENTS—

See “INDUSTRIAL —.”

ACCOUNTS AND AUDIT—

Question *re* percentage of the total expenditure on — in the Posts and Telegraphs Department to the total revenue of the Department. 55.

**ACCOUNTS AND AUDIT DEPARTMENT, POSTS AND TELE-
GRAPHS—**

Question *re* —. 55.

**ACCOUNTS AND AUDIT OFFICES, POSTS AND TELEGRAPHS
DEPARTMENT—**

Question *re* subordinates in the —. 55.

ACCOUNTS DEPARTMENT—

Question *re* amalgamation of the — and Audit Department of State Railways. 51.

ACT—

Wheat (Import Duty) —

Question *re* continuance of the —, 1931, for another year. 60.

Resolution *re* continuation of the operation of the — for a further period of two years. 147-55.

ADEN—

Question *re* transfer of the control of the civil administration of — to the Government of India. 76-80.

ADVISORY COMMITTEE—

Election of two Members to the — in connection with the publicity work of the Government of India. 185.

Motion for the election of two Members of the — to assist in the conduct of the publicity work of the Government of India. 161.

AGRICULTURAL PRODUCE—

Question *re* remission of land revenue owing to the fall in prices of —. 75.

AGRICULTURAL RESEARCH, IMPERIAL COUNCIL OF—

Election of the Honourable Diwan Bahadur G. Narayanaswami Chetti to the —. 169.

Motion for the election of a Member to the Governing Body of the —. 82.

Question *re*—
—, 61-62.

Functions and personnel of the —. 21-25.

Grant by the — to the Dacca University for agricultural research. 25-34.

AIR MAIL SERVICE—

Question *re*—

— between India and Europe. 37.

Expenditure on the — between India and foreign countries. 55-56.

AIR SERVICE -

Resolution *re* — between Karachi, Delhi and Calcutta. 117-21.

AIYANGAR, THE HONOURABLE MR. K. V. RANGASWAMY—

Indian Finance (Supplementary and Extending) Bill—

Motion to pass. 347-50.

Resolution *re*—

Flag for British India. 134-36, 138.

Stabilisation of exchange at 1s. 4d. 93-94.

AKBAR KHAN, THE HONOURABLE MAJOR NAWAB SIR MAHOMED—

Indian Finance (Supplementary and Extending) Bill—

Motion to consider. 253-59, 300, 302, 303, 304.

Consideration of clause 5. 329.

Consideration of clause 7. 337-38.

Indian Press (Emergency Powers) Bill—

Motion to consider. 229-31, 232.

ALIGARH MUSLIM UNIVERSITY (AMENDMENT) BILL -

See "BILL."

ALL-INDIA MEDICAL CONFERENCE—

Question *re*—

Paragraph 34 of the Presidential address delivered at the Seventh — held in Poona in April, 1931. 68.

Resolution of the — held in April, 1931, suggesting the appointment to any service in India of those only who are on the Indian medical register. 64-65.

Resolutions of the Seventh Session of the — held at Poona in April, 1931. 64, 66.

ALLOWANCES—

Question *re* pay and — of the Members of the Public Service Commission. 203.

Resolution *re* pay and — of officers of the Government of India. 121-27.

ARMY—

See " INDIAN ARMY."

ARMY DEPARTMENT—

Question *re* savings by the — in expenditure on rations, clothing and stores. 245.

ARMY IN INDIA RESERVE OF OFFICERS—

Question *re* counting towards seniority and promotion in the — of King's Commissioned service in the Indian Territorial Force. 145.

ASSAM—

Question *re* number of persons speaking Assamese and Bengali in —. 72-73.

ASSAM BENGAL RAILWAY—

See " RAILWAY(S)."

ASSISTANT COMMISSIONERS OF INCOME-TAX—

Question *re* number of — in Bengal. 34-36.

ASSISTANT COMMISSIONER OF INCOME-TAX, BENGAL—

Question *re* promotion of Mr. N. N. Chakravarty to the post of —. 114.

ASSOCIATED PRESS OF INDIA—

Question *re* annual grants to the Indian News Agency and the —. 38.

AUDIT AND ACCOUNTS DEPARTMENT—

Question *re* redress of communal inequalities in the Civil —. 174.

AUDIT DEPARTMENT—

Question *re* amalgamation of the Accounts Department and — of State Railways. 51.

AUXILIARY FORCE (AMENDMENT) BILL—

See " BILL."

AYYAR, THE HONOURABLE SIR C. P. RAMASWAMI—

Indian Press (Emergency Powers) Bill—

Motion to refer to Select Committee. 220-22.

Indian Succession (Amendment) Bill—

Motion to consider. 161-62.

Motion to pass. 162.

Oath of Office. . 9.

AYYAR, THE HONOURABLE SIR C. P. RAMASWAMI—*contd.*

Resolution *re*—

Representation of landholders in the new constitution. 157-59, 160.

Travelling and daily allowances of Members of the Council of State. 165-66, 168.

Sheriff of Calcutta (Powers of Custody) Bill—

Motion to consider. 163.

Motion to pass. 163.

Statement of Business by—, Law Member. 185, 199.

Statement *re* recommendation concerning the prevention of industrial accidents adopted by the Twelfth International Labour Conference, 1929. 205-07.

B

BANERJEE, THE HONOURABLE MR. JAGADISH CHANDRA—

Indian Finance (Supplementary and Extending) Bill—

Consideration of Schedule I. 326.

Question *re*—

Abolition of the crew system on the East Indian Railway. 37-38.

Air mail service between India and Europe. 37.

Annual grants to the Indian News Agency and the Associated Press of India. 38.

Arrangements for medical aid to sick railway passengers. 37.

Damage by lightning to the building in Dacca known as *Hossinidalan*. 42-43.

Development of cotton growing in India. 39-41.

Development of horticulture. 19-21.

Functions and personnel of the Imperial Council of Agriculture and appointment of a tobacco expert. 21-25.

Grant by the Imperial Council of Agricultural Research to the Dacca University for agricultural research, etc. 25-34.

Hours of work of railway servants. 18-19.

Maintenance of official quarters for Members of the Indian Legislature in New Delhi. 42.

Number of Assistant Commissioners of Income-tax in Bengal. 34-36.

Prevention of erosions of rivers. 42.

Provision of accommodation for intermediate class passengers on the Eastern Bengal Railway. 38.

Provision of restaurant cars on important trains for intermediate and third class passengers. 53.

Retrenchment on the Eastern Bengal Railway. 11-18.

Superintendents of Post Offices. 53-54.

BASU, THE HONOURABLE MR. BIJAY KUMAR—

Indian Finance (Supplementary and Extending) Bill—

Motion to consider. 262-64.

Consideration of Schedule I. 324-26, 327.

Consideration of clause 7. 338.

Resolution *re* stabilisation of exchange at 1s. 4d. 89-92, 96, 98, 100.

BENGAL—

Question *re*—

Number of Assistant Commissioners of Income-tax in ——. 34-36.

Percentage of income-tax and super-tax derived from business in jute in ——. 116.

Principle of Devolution Rule 15 in its application to ——. 116.

BENGAL AND NORTH WESTERN RAILWAY—

See "RAILWAY(S)."

BENGAL NAGPUR RAILWAY—

See "RAILWAY(S)."

BENGALI—

Question *re* number of persons speaking Assamese and — in Assam. 72-73.

BHONSLE, THE HONOURABLE RAJA LAXMANRAO—

Resolution *re*—

Location of the Indian Sandhurst. 131-32.

Representation of landholders in the new constitution. 159-60.

BHORE, THE HONOURABLE SIR JOSEPH—

Indian Mines (Amendment) Bill—

Motion to consider. 161.

Motion to pass. 161.

Motion for the election of two non-official Members of the Standing Committee for the Department of Industries and Labour. 81.

Resolution *re* air service between Karachi, Delhi and Calcutta. 120-21.

Statement of Business by —, Leader of the House. 83, 143, 169.

BIHAR AND ORISSA CIRCLE—

Question *re* number of post offices closed in the —. 56.

BILL—

ALIGARH MUSLIM UNIVERSITY (AMENDMENT) —

Passed by the Legislative Assembly. 117.

Considered and passed. 162-63.

Assent of the Governor General. 247.

AUXILIARY FORCE (AMENDMENT) —

Assent of the Governor General. 82.

BILL—contd.**CANTONMENTS (AMENDMENT) —**

Assent of the Governor General. 82.

GOLD THREAD INDUSTRY (PROTECTION) —

Assent of the Governor General. 82.

HEAVY CHEMICAL INDUSTRY (PROTECTION) —

Passed by the Legislative Assembly. 147.

Considered and passed. 176-80.

Assent of the Governor General. 247.

INDIAN FACTORIES (AMENDMENT) —

Assent of the Governor General. 83.

INDIAN FINANCE (SUPPLEMENTARY AND EXTENDING) —

Message from His Excellency the Governor General certifying the ——. 246.

Message from His Excellency the Governor General recommending the Council of State to pass the — in the form amended. 246.

—, laid on the table, as certified. 246-47.

Date for the consideration of the ——. 247.

Motion to consider. 249-307.

Consideration of clause 2. 309-17.

Consideration of Schedule I. 317-28.

Consideration of clause 5. 329-32.

Consideration of clause 6. 332-35.

Consideration of clause 7. 335-39.

Consideration of clause 8. 340-43.

Motion to pass. 344-53.

INDIAN INCOME-TAX (AMENDMENT) —

Assent of the Governor General. 82.

INDIAN INCOME-TAX (SECOND AMENDMENT) —

Question *re* ——. 114.

INDIAN MEDICAL COUNCIL. —.

Question *re* ——. 64.

INDIAN MERCHANT SHIPPING (AMENDMENT) —

Assent of the Governor General. 83.

INDIAN MINES (AMENDMENT) —.

Passed by the Legislative Assembly. 117.

Considered and passed. 161.

Assent of the Governor General. 247.

INDIAN NAVAL ARMAMENT (AMENDMENT) —

Assent of the Governor General. 83.

INDIAN POSTS (AMENDMENT) —

Assent of the Governor General. 83.

BILL—concl'd.

INDIAN PRESS (EMERGENCY POWERS) —

Passed by the Legislative Assembly. 205.

Motion to consider. 213-17, 222-35.

Motion to refer to Select Committee, negatived. 218-22.

Consideration of clause 3. 236-38.

Consideration of clause 25. 238-39.

Motion to pass, adopted. 239-41.

Assent of the Governor General. 247.

INDIAN RESERVE FORCES (AMENDMENT) —

Assent of the Governor General. 83.

INDIAN SUCCESSION (AMENDMENT) —

Passed by the Legislative Assembly. 117.

Considered and passed. 161-62.

Assent of the Governor General. 247.

INDIAN TERRITORIAL FORCE (AMENDMENT) —

Assent of the Governor General. 82.

LAND CUSTOMS (AMENDMENT) —

Passed by the Legislative Assembly. 117.

Considered and passed. 164.

Assent of the Governor General. 247.

PROVIDENT FUNDS (AMENDMENT) —

Introduced. 155.

PROVISIONAL COLLECTION OF TAXES —

Passed by the Legislative Assembly. 147.

Considered and passed. 176.

Assent of the Governor General. 247.

PUNJAB CRIMINAL PROCEDURE AMENDMENT (SUPPLEMENTARY) —

Assent of the Governor General. 82.

SALT (ADDITIONAL IMPORT DUTY) —

Assent of the Governor General. 83.

SHERIFF OF CALCUTTA (POWERS OF CUSTODY) —

Passed by the Legislative Assembly. 117.

Considered and passed. 163.

Assent of the Governor General. 247.

STEEL INDUSTRY (PROTECTION) —

Assent of the Governor General. 82.

VIZAGAPATAM PORT —

Assent of the Governor General. 83.

WHEAT (IMPORT DUTY) —

Assent of the Governor General. 83.

BOMBAY—**Question re—**

Director of the Haffkine Institute, ——. 69.

Extra staff employed at — for the sorting of inward foreign mails.
56.

BREBNER, THE HONOURABLE MR. A.—

Oath of Office. 171.

Resolution *re* utilisation of the apportionment made among Governors
Provinces and Minor Administrations in the Road Development
Account. 180-82, 183-84, 185.

BRITISH COLONIES—

Question *re* repatriation of Indian settlers from — and possessions.
49.

BROWNE, THE HONOURABLE MR. P. H.—

Indian Finance (Supplementary and Extending) Bill—

Motion to consider. 294-95.

Motion to pass. 346.

Indian Press (Emergency Powers) Bill—

Motion to consider. 232-33.

Nomination of — to the Panel of Chairmen. 9.

BUDGET, RAILWAY—

Resolution *re* presentation of the — during the autumn Session of
the Central Legislature. 107-10.

BURMA—**Question re—**

Protection of Indians settled in —. 62-63.

Rebellion in —. 113.

Resolution re—

Protection of Indian residents in —. 110-12.

Improvement of the present lot of traders and cultivators in —.
138-42.

BUSINESS—

See "STATEMENT OF —"

BUSINESS LOSSES—

Question *re* allowing income-tax assesseees to carry forward —
incurred in any one year to the next year, etc. 201-02.

C**CALCUTTA—**

Resolution *re* air service between Karachi, Delhi and —. 117-21.

CANTONMENTS (AMENDMENT) BILL—

See "BILL."

CENTRAL MEDICAL RESEARCH INSTITUTE—

Question *re* establishment of the proposed —. 66.

CEYLON—

Question *re* reduction of the wages of Indian coolies in ——. 54.

CHAIRMEN, PANEL OF—

Nominations to the ——. 9.

CHAKRAVARTY, MR. N. N.—

Question *re* promotion of — to the post of Assistant Commissioner of Income-tax, Bengal. 114.

CHARANJIT SINGH, THE HONOURABLE SARDAR—

Appointment of — as a member of the Committee on Petitions. 9.

Indian Finance (Supplementary and Extending) Bill—

Motion to consider. 295-96.

Indian Press (Emergency Powers) Bill—

Motion to consider. 225-26.

CHETTI, THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI—

Appointment of — as a member of the Committee on Petitions. 9.

Election of — to the Imperial Council of Agricultural Research. 169.

Indian Finance (Supplementary and Extending) Bill—

Motion to consider. 280-82.

Question *re*—

Counting towards seniority and promotion in the Army in India Reserve of Officers of King's Commissioned service in the Indian Territorial Force. 145.

Exemption from increased income-tax of all Government servants whose pay is subject to the cut of 10 per cent. 249.

Provident Fund for Government servants. 63.

Reduction of the wages of Indian coolies in Ceylon. 54.

Resolution *re*—

Improvement of the present lot of traders and cultivators in Burma. 138, 142.

Location of the Indian Sandhurst. 132-33.

Protection of Indian residents in Burma. 110-11, 112.

Travelling and daily allowances of Members of the Council of State. 167.

CHETTIYAR, THE HONOURABLE RAJA SIR ANNAMALAI—

Oath of Office. 113.

Question *re*—

Indian Income-tax (Second Amendment) Bill. 114.

Rebellion in Burma. 113.

Resolution *re* improvement of the present lot of traders and cultivators in Burma. 138-40.

CHIMMAN LAL, THE HONOURABLE RAI BAHADUR LALA—

Oath of Office. 9.

CIVIL AUDIT AND ACCOUNTS DEPARTMENT—

Question *re* redress of communal inequalities in the ——. 174.

CLERKS—

Question *re* revision of the rules for the allotment of quarters to — in New Delhi. 175-76.

CLOTHING—

Question *re* savings by the Army Department in expenditure on rations, — and stores. 245.

COMMANDER-IN-CHIEF, HIS EXCELLENCY THE—

Resolution *re* location of the Indian Sandhurst. 133-34.

COMMERCE, DEPARTMENTS OF—

Resolution *re* establishment of provincial ——. 103-07.

COMMISSIONER OF INCOME-TAX, BENGAL—

Question *re*—

Inspection of Calcutta offices by Mr. F. W. Strong, ——. 116.

Inspection tour of Mr. F. W. Strong, ——. 115.

Office hours of the ——. 114.

Recess of Mr. F. W. Strong, ——. 115.

COMMITTEE ON PETITIONS—

Constitution of the ——. 9.

COMMITTEE(S)—

Question *re*—

— of the Central Legislature that assembled from 1st April to 4th September, 1931. • 171.

Railway Rates Advisory ——. 246.

COMMUNAL INEQUALITIES—

Question *re* redress of — in the Civil Audit and Accounts Department. 174.

COMPANY RAILWAYS—

See "RAILWAY(S)."

COMPULSORY LABOUR—

Resolution *re* recommendation of the International Labour Conference concerning forced or ——. 207-09.

CONGRATULATIONS—

— to the Honourable Mr. H. W. Emerson on the Honour conferred on him. 83.

CONTAI—

Question *re* construction of a railway line between — and — Road on the Bengal Nagpur Railway. 145-46.

CONTRACTION—

Question *re* article in the *Indian Finance* regarding —. 172.

COOLIES—

Question *re* reduction of the wages of Indian — in Ceylon. 54.

COTTON GROWING—

Question *re* development of — in India. 39-41.

COUNCIL OF STATE—

Address by His Excellency the Viceroy to the Members of the — and the Legislative Assembly. 1-7.

Resolution *re* travelling and daily allowances of Members of the —. 165-68.

CREW SYSTEM—

Question *re* abolition of the — on the East Indian Railway. 37-38.

CRIMINAL TRIBES—

Compulsory labour exacted from —. Discussed in connection with the Resolution *re* Recommendation of the International Labour Conference concerning forced or compulsory labour. 207-09.

CULTIVATORS—

Resolution *re* improvement of the present lot of traders and — in Burma. 138-42.

D

DACCA—

Question *re* damage by lightning to the building in — known as *Hossnidalan*. 42-43.

DACCA UNIVERSITY—

Question *re* grant by the Imperial Council of Agricultural Research to the — for agricultural research. 25-34.

DAILY ALLOWANCE—

Resolution *re* travelling allowance and — of Members of the Council of State. 165-68.

DEATH—

— of Maharaja Sir Muhammad Ali Muhammad Khan of Mahmudabad. 81.

DELHI—

Resolution *re* air service between Karachi, — and Calcutta. 117-21.

DENNING, THE HONOURABLE MR. H.—

Oath of Office. 9.

Resolution *re* stabilisation of exchange at 1s. 4d. 95-101.

DEPARTMENT OF INDUSTRIES AND LABOUR—

Election of two non-official Members to the Standing Committee of the —. 168-69.

Motion for the election of two non-official Members to the Standing Committee for the —. 81, 82.

DEVADOSS, THE HONOURABLE MR. M. D.—

Indian Finance (Supplementary and Extending) Bill—

Motion to consider. 296-98.

Indian Press (Emergency Powers) Bill—

Consideration of clause 25. 239

DEVOLUTION • RULE 15—

Question *re* principle of — in its application to Bengal. 116.

DIRECTOR GENERAL OF POSTS AND TELEGRAPHS—

Question *re* revision of the pay of Sectional Superintendents in the office of the —. 57.

DIRECTORS OF TELEGRAPH ENGINEERING—

Question *re* number of appointments of — abolished. 54.

DIVISIONAL SUPERINTENDENTS—

Question *re*—

Appointment of Indians as — on the East Indian and Great Indian Peninsula Railways. 245.

— on each of the State Railways. 244.

DRAKE, THE HONOURABLE MR. J. C. B.—

Heavy Chemical Industry (Protection) Bill—

Motion to consider. 176-80.

Motion to pass. 180.

Oath of Office. 9.

Resolution *re*—

Continuation of the operation of the Wheat (Import Duty) Act for a further period of two years. 151-54.

Establishment of provincial Departments of Commerce. 105-07.

Presentation of the Railway Budget during the autumn Session of the Central Legislature. 108-10.

DUTT, THE HONOURABLE RAT BAHADUR P. C.—

Question *re*—

Delegates to the Round Table Conference. 70-72.

Members of the Committees or Sub-Committees on Retrenchment in the Central Government. 70.

Number of persons speaking Assamese and Bengali in Assam. 72-73.

Revision of the rules for the allotment of quarters to clerks in New Delhi. 175-76.

E**EAST INDIAN RAILWAY—**

See "RAILWAY(S)."

EASTERN BENGAL RAILWAY—

See "RAILWAY(S)."

EMBOSSSED ENVELOPES—

Question *re* cost of — sold by the Post Office. 57.

EMERSON, THE HONOURABLE MR. H. W.—

Congratulations to the — on the Honour conferred on him. 83.
 Motion for the election of two members of the Advisory Committee to assist in the conduct of the publicity work of the Government of India. 161.

Indian Press (Emergency Powers) Bill—

Motion to consider. 213-17, 229, 234-35.
 Consideration of clause 3. 236, 237.
 Consideration of clause 25. 238-39.
 Motion to pass. 239.

Resolution re—

Flag for British India. 136-37.
 Pay and allowances of officers of the Government of India. 125-26, 127.
 Protection of Indian residents in Burma. 111-12.
 Recommendation of the International Labour Conference concerning forced or compulsory labour. 207-09.

ENVELOPES—

See "EMBOSSSED —."

EXCHANGE—

Resolution *re* stabilisation of — at 1s. 4d. 85-102.

EXODUS—

Question *re* annual — to Simla. 47.

EXPRESS TRAINS—

Question re—

Diversion of one of the — *via* the Sahibganj Loop on the East Indian Railway. 58.
 — Nos. 41-Up and 42-Down on the East Indian Railway. 58.

F

FACTORIES (AMENDMENT) BILL—

See "INDIAN —" under "BILL."

FAZL-I-HUSAIN, THE HONOURABLE KHAN BAHADUR MIAN SIR—

Oath of Office. 243.

FINANCE (SUPPLEMENTARY AND EXTENDING) BILL—

See "INDIAN —" under "BILL."

FINANCIAL POSITION—

Statement by the Honourable Mr. A. H. Lloyd on the —. 187-99.

FLAG—

Resolution *re* — for British India. 134-38.

FOREIGN MAILS—

Question *re* extra staff employed at Bombay for the sorting of inward —. 56.

G

GHOSAL, THE HONOURABLE MR. JYOTSNANATH—

Resolution *re* utilisation of the apportionment made among Governors' Provinces and Minor Administrations in the Road Development Account. 183.

GHOSH MAULIK, THE HONOURABLE MR. S. C.—

Election of — to the Standing Committee of the Department of Industries and Labour. 169.

Indian Finance (Supplementary and Extending) Bill—

Motion to consider. 282-85.

Consideration of clause 6. 332-33.

Question *re*—

Abolition of the post of Public Health Commissioner with the Government of India. 67.

Constitution of the Governing Body of the Indian Research Fund Association. 66, 69.

Deputations of the Public Health Commissioner out of India during the years 1929 and 1930. 67-68.

Director of the Haffkine Institute, Bombay. 69.

Discharge of Mr. H. N. Sinha, Headmaster of the East Indian Railway High School at Khagaul. 63.

Establishment of the proposed Central Medical Research Institute. 66.

Indian Medical Council Bill. 64.

Inspection of Calcutta offices by Mr. F. W. Strong, Commissioner of Income-tax, Bengal. 116.

Inspection tour of Mr. F. W. Strong, Commissioner of Income-tax, Bengal. 115.

National Health Insurance for India. 66-67.

Office hours of the Commissioner of Income-tax, Bengal. 114.

Paragraph 34 of the Presidential address delivered at the Seventh All-India Medical Conference held in Poona in April, 1931. 68.

Percentage of income-tax and super-tax derived from business in jute in Bengal. 116.

Principle of Devolution Rule 15 in its application to Bengal. 116.

Promotion of Mr. N. N. Chakravarty to the post of Assistant Commissioner of Income-tax, Bengal. 114.

Recess of Mr. F. W. Strong, Commissioner of Income-tax, Bengal. 115.

Release of the large stocks of quinine held by the Government of India. 66.

Reservation of posts in the Medical Research Department for officers of the Indian Medical Service. 65.

Resolution of the All-India Medical Conference held in April, 1931, suggesting the appointment to any service in India of those only who are on the Indian medical register. 64-65.

GHOSH MAULIK, THE HONOURABLE MR. S. C.—*contd.*

Question *re—contd.*

Resolutions of the Seventh Session of the All-India Medical Conference held at Poona in April, 1931. 64, 66.

Status of licentiates of medical schools of Indian Provinces or States. 65.

Utilisation of thermal springs in India. 67.

Question (Supplementary) *re* Railway Rates Advisory Committee. 246.

Resolution *re* location of the Indian Sandhurst. 132.

GOLD AND SILVER BULLION—

Question *re* weight of — in the Paper Currency Reserve. 11.

GOLD THREAD INDUSTRY (PROTECTION) BILL—

See “BILL.”

GOODS TRAINS—

Question *re—*

Cancellation of passenger and — on the Eastern Bengal Railway, etc. 50-51.

Cancellation of passenger and — on the East Indian Railway, etc. 50.

GOVERNMENT OF INDIA—

Question *re—*

Actual receipts and disbursements of the — for 1930-31. 171.

Actual receipts and expenditure of the — for the first quarters of the last three years, etc. 171-72.

Police protection for officials of the —. 205.

Resolution *re* pay and allowances of officers of the —. 121-27.

GOVERNMENT OF INDIA SECRETARIAT—

Question *re—*

Appointment of Muhammadan I. C. S. officers as Secretaries and Joint Secretaries in the —. 52-53.

Proportion of Muslims in the —. 204-05.

GOVERNMENT SERVANTS—

Question *re—*

Exemption from increased income-tax of all — whose pay is subject to the cut of 10 per cent. 249.

Provident Fund for —. 60-61, 63.

GOVERNOR GENERAL, HIS EXCELLENCY THE—

Message from — certifying the Indian Finance (Supplementary and Extending) Bill. 246.

Message from — recommending the Council of State to pass the Indian Finance (Supplementary and Extending) Bill in the form annexed. 246.

GREAT INDIAN PENINSULA RAILWAY—

See “RAILWAY(S).”

GREAT WAR—

Question *re* adjustment of accounts relating to the — with the War Office. 245.

H**HAFEEZ, THE HONOURABLE MR. SYED ABDUL—**

Appointment of — as a member of the Committee on Petitions. 9.

Question *re*—

Appointment of Muhammadan I. C. S. officers as Secretaries^a and Joint Secretaries in the Government of India Secretariat. 52-53.

Representation of Muslims on the Round Table Conference. 174-75.

HAFFKINE INSTITUTE, BOMBAY—

Question *re* Director of the —. 69.

HASAN KHAN, THE HONOURABLE KHAN BAHADUR SIR MUHAMMAD ISRAR—

Oath of Office. 201.

HEALTH COMMISSIONER—

See "PUBLIC —."

HEALTH INSURANCE—

Question *re* National — for India. 66-67.

HEAVY CHEMICAL INDUSTRY (PROTECTION) BILL—

See "BILL."

HIGH SCHOOL—

Question *re*—

Case of Mr. R. P. Varma, an assistant master of the East Indian Railway — at Khagaul. 201.

Discharge of Mr. H. N. Sinha, Headmaster of the East Indian Railway — at Khagaul. 63.

HORTICULTURE—

Question *re* development of —. 19-21.

HOSSINIDALAN—

Question *re* damage by lightning to the building in Dacca known as —. 42-43.

HUSSAIN IMAM, THE HONOURABLE MR. ABU ABDULLAH SYED—

Indian Finance (Supplementary and Extending) Bill—

Motion to consider. 267-71, 303, 304.

Consideration of clause 2. 311-16.

Consideration of Schedule I. 324, 326-27.

Consideration of clause 8. 340.

Motion to pass. 347, 350-52.

Indian Press (Emergency Powers) Bill—

Motion to refer to Select Committee. 218-20, 222.

Motion to consider. 232.

Consideration of clause 3. 236-38.

HUSSAIN IMAM, THE HONOURABLE MR. ABU ABDULLAH SYED—
contd.

Provident Funds (Amendment) Bill—

Motion for leave to introduce. 155.

Question *re*—

Actual receipts and expenditure of the Government of India for the first quarters of the last three years, etc. 171-72.

Article in the *Indian Finance* regarding contraction. 172.

Committees of the Central Legislature that assembled from 1st April to 4th September, 1931. 171.

Last sterling loan. 173-74.

Receipts and disbursements of the Government of India for 1930-31. 171.

Sale of securities held in the Paper Currency Reserve. 10.

Securities held in the Paper Currency Reserve. 10.

Silver bullion in the Paper Currency Reserve. 10.

Total amount of silver bullion in the Paper Currency Reserve on the 31st March, 1931, etc. 172-73.

Total number of post offices in India, etc. 173.

Treasury Bills, etc. 10.

Weight of gold and silver bullion in the Paper Currency Reserve. 11.

Resolution *re*—

Pay and allowances of officers of the Government of India. 121-24, 127.

Presentation of the Railway Budget during the autumn Session of the Central Legislature. 107-08, 109, 110.

Travelling and daily allowances of Members of the Council of State. 165, 166.

I

IMPERIAL AGRICULTURAL RESEARCH DEPARTMENT—

Question *re* restriction of the present activities of the Tariff Board and the ——. 47.

IMPERIAL COUNCIL OF AGRICULTURAL RESEARCH—

Election of the Honourable Diwan Bahadur G. Narayanaswami Chetti to the ——. 169.

Motion for the election of a Member to the Governing Body of the ——. 82.

Question *re*—

Functions and personnel of the ——. 21-25.

Grant by the — to the Dacca University for agricultural research. 25-34.

——. 61-62.

IMPERIAL MAIL TRAINS—

Question *re* expenditure on running ——. 56.

INCOME-TAX—**Question re—**

Exemption from increased — of all Government servants whose pay is subject to the cut of 10 per cent. 249.

Number of Assistant Commissioners of — in Bengal. 34-36.

Percentage of — and super-tax derived from business in jute in Bengal. 116.

INCOME-TAX (AMENDMENT) BILL—

See “ INDIAN — ” under “ BILL.”

INCOME-TAX ASSESSEES—

Question *re* allowing — to carry forward business losses incurred in any one year to the next year, etc. 201-02.

INCOME-TAX, ASSISTANT COMMISSIONER OF —, BENGAL—

Question *re* promotion of Mr. N. N. Chakravarty to the post of —. 114.

INCOME-TAX, COMMISSIONER OF —, BENGAL—**Question re—**

Inspection of Calcutta offices by Mr. F. W. Strong, —. 116.

Inspection tour of Mr. F. W. Strong, —. 115.

Office hours of the —. 114.

Recess of Mr. F. W. Strong, —. 115.

INCOME-TAX (SECOND AMENDMENT) BILL—

See “ INDIAN — ” under “ BILL.”

INDIAN ARMY—

Question *re* amount of charges debited to India in connection with the training of British officers and soldiers of the — in England. 244.

INDIAN FACTORIES (AMENDMENT) BILL—

See “ BILL.”

INDIAN FINANCE—

Question *re* article in the — regarding contraction. 172.

INDIAN FINANCE (SUPPLEMENTARY AND EXTENDING) BILL—

See “ BILL.”

INDIAN INCOME-TAX (AMENDMENT) BILL—

See “ BILL.”

INDIAN INCOME-TAX (SECOND AMENDMENT) BILL—

See “ BILL.”

INDIAN LEGISLATURE—

Question *re* maintenance of official quarters for Members of the — in New Delhi. 42.

INDIAN MEDICAL COUNCIL BILL—

See "BILL."

INDIAN MEDICAL SERVICE—

Question *re* reservation of posts in the Medical Research Department for officers of the ——. 65.

INDIAN MERCHANT SHIPPING (AMENDMENT) BILL—

See "BILL."

INDIAN MINES (AMENDMENT) BILL—

See "BILL."

INDIAN NAVAL ARMAMENT (AMENDMENT) BILL—

See "BILL."

INDIAN NEWS AGENCY—

Question *re* annual grants to the — and the Associated Press of India. 38.

INDIAN PORTS (AMENDMENT) BILL—

See "BILL."

INDIAN POSTS AND TELEGRAPHS DEPARTMENT—

Question *re*—

Housing of subordinates of the — at Jhariah. 56-57.

Percentage of the total expenditure on accounts and audit in the — to the total revenue of the Department. 55.

Retrenchment in the —. 52.

INDIAN PRESS (EMERGENCY POWERS) BILL—

See "BILL."

INDIAN RESEARCH FUND ASSOCIATION—

Question *re* constitution of the —. 66, 69.

INDIAN RESERVE FORCES (AMENDMENT) BILL—

See "BILL."

INDIAN SANDHURST—

Resolution *re* location of the —. 128-34.

INDIAN SETTLERS—

Question *re* repatriation of — from British colonies and possessions. 49.

INDIAN STORES DEPARTMENT—

Question *re* purchase of stores for State Railways through the —. 74-75.

INDIAN SUCCESSION (AMENDMENT) BILL—

See "BILL."

INDIAN TERRITORIAL FORCE—

Question *re* counting towards seniority and promotion in the Army in India Reserve of Officers of King's Commissioned service in the ——. 145.

INDIAN TERRITORIAL FORCE (AMENDMENT) BILL—

See "BILL."

INDUSTRIAL ACCIDENTS—

Statement *re* recommendation concerning the prevention of — adopted by the Twelfth International Labour Conference, 1929. 205-07.

INDUSTRIES AND LABOUR, DEPARTMENT OF—

Election of two non-official Members to the Standing Committee of the ——. 168-69.

Motion for the election of two non-official Members to the Standing Committee for the ——. 81, 82.

INSURANCE—

See "UNEMPLOYMENT ——".

INTERMEDIATE CLASS PASSENGERS—

Question *re*—

Provision of accommodation for — on the Eastern Bengal Railway. 38.

Provision of restaurant cars on important trains for — and third class passengers. 53.

INTERNATIONAL LABOUR CONFERENCE—

Resolution *re* recommendation of the — concerning forced or compulsory labour. 207-09.

Statement *re* recommendation concerning the prevention of industrial accidents adopted by the Twelfth —, 1929. 205-07.

IRVING, THE HONOURABLE MR. MILES—

Oath of Office. 9.

J**JAGDISH PRASAD, THE HONOURABLE RAI BAHADUR LALA—**

Indian Finance (Supplementary and Extending) Bill—

Motion to consider. 285-88.

Consideration of Schedule I. 323.

Consideration of clause 5. 329-30.

Consideration of clause 6. 333-34.

Consideration of clause 7. 335-37, 339.

Consideration of clause 8. 341.

Motion to pass. 344-45.

Indian Press (Emergency Powers) Bill—

Motion to pass. 239-41.

JAGDISH PRASAD, THE HONOURABLE RAI BAHADUR JALA—*contd.*

Question *re*—

Additional income derived from the increased postal rates. 243-44.

Amount of charges debited to India in connection with the training of British officers and soldiers of the Indian Army in England. 244.

Imperial Council of Agricultural Research. 61-62.

Protection of Indians settled in Burma. 62-63.

Provision of more second class accommodation on railway trains. 117.

Purchase of stores for State Railways through the Indian Stores Department. 74-75.

Resolution *re*—

Flag for British India. 137-38.

Location of the Indian Sandhurst. 129-31, 134.

Representation of landholders in the new constitution. 157.

Stabilisation of exchange at 1s. 4d. 85-89, 99, 101-02.

JALAN, THE HONOURABLE RAI BAHADUR RADHA KRISHNA—

Indian Finance (Supplementary and Extending) Bill—

Consideration of clause 8. 342-43.

Resolution *re* travelling and daily allowances of Members of the Council of State. 167.

JHARIAH—

Question *re* housing of subordinates of the Posts and Telegraphs Department at ——. 56-57.

JOINT SECRETARIES—

Question *re* appointment of Muhammadan I. C. S. officers as Secretaries and — in the Government of India Secretariat. 52-53.

JUTE—

Question *re* percentage of income-tax and super-tax derived from business in — in Bengal. 116.

K

KARACHI—

Resolution *re* air service between —, Delhi and Calcutta. 117-21.

KHAGAUL—

Question *re*—

Case of Mr. R. P. Varma, an assistant master of the East Indian Railway High School at —. 201.

Discharge of Mr. H. N. Sinha, Headmaster of the East Indian Railway High School at —. 63.

KHAPARDE, THE HONOURABLE MR. G. S.—

Nomination of — to the Panel of Chairmen. 9.

KHARAGPUR—

Question *re* absence of a suitable train from — to Midnapur in connection with No. 12 Passenger. 146.

KIDWAI, THE HONOURABLE SHAIKH MUSHIR HOSAIN—

Oath of Office. 243.

L**LABOUR—**

Resolution *re* recommendation of the International Labour Conference concerning forced or compulsory —. 207-09.

LABOUR CONFERENCE—

See “INTERNATIONAL —.”

LAND CUSTOMS (AMENDMENT) BILL—

See “BILL.”

LANDHOLDERS—

Resolution *re* representation of — in the new constitution. 155-60.

LAND REVENUE—

Question *re* remission of — owing to fall in prices of agricultural produce. 75.

LEE COMMISSION—

Question *re* circumstances leading to the appointment of the —. 59.

LEE CONCESSIONS—

Question *re*—

—. 47, 58, 59.

Withdrawal of the —. 59-60.

LEGISLATIVE ASSEMBLY—

Address by His Excellency the Viceroy to the Members of the Council of State and the —. 1-7.

LITTLEHAILES, THE HONOURABLE MR. R.—

Motion for the election of a Member to the Governing Body of the Imperial Council of Agricultural Research. 82.

Oath of Office. 9.

LLOYD, THE HONOURABLE MR. A. H.—

Indian Finance (Supplementary and Extending) Bill—

Consideration of clause 5. 331-32.

Consideration of clause 8. 341-42.

Land Customs (Amendment) Bill—

Motion to consider. 164.

Motion to pass. 164.

Oath of Office. 113, 243.

Provisional Collection of Taxes Bill—

Motion to consider. 176.

Motion to pass. 176.

LLOYD, THE HONOURABLE MR. A. H.—*contd.*

Resolution *re*—

Improvement of the present lot of traders and cultivators in Burma.
140-42.

Statement by — on the financial position. 187-99.

LOAN—

Question *re* last sterling —. 173-74.

M

MCWATTERS, THE HONOURABLE SIR ARTHUR—

Indian Finance (Supplementary and Extending) Bill—

Date for consideration. 247.

Motion to consider. 249-53.

Consideration of clause 2. 309-10, 316.

Consideration of Schedule I. 320-22, 328.

Consideration of clause 5. 330-31.

Consideration of clause 7. 339.

Motion to pass. 344, 352.

Oath of Office. 243.

MEDICAL AID—

Question *re* arrangements for — to sick railway passengers. 37.

MEDICAL CONFERENCE—

See “ALL-INDIA —.”

MEDICAL RESEARCH DEPARTMENT—

Question *re* reservation of posts in the — for officers of the Indian
Medical Service. 65.

MEDICAL RESEARCH INSTITUTE—

See “CENTRAL —.”

MEDICAL SCHOOLS—

Question *re* status of licentiates of — of Indian Provinces or States.
65.

MEHTA, THE HONOURABLE MR. H. M.—

Question *re*—

Purchase by the State of the Bengal and North-Western Railway.
80-81.

Transfer of the control of the civil administration of Aden to the
Government of India. 76-80.

Resolution *re* continuation of the operation of the Wheat (Import
Duty) Act for a further period of two years. 151.

MERCHANT SHIPPING (AMENDMENT) BILL—

See “INDIAN —” under “BILL.”

MESSAGE—

- from His Excellency the Governor General certifying the Indian Finance (Supplementary and Extending) Bill. 246.
- from His Excellency the Governor General recommending the Council of State to pass the Indian Finance (Supplementary and Extending) Bill in the form annexed. 246.
- from His Excellency the Viceroy nominating the Panel of Chairmen. 9.

MIDNAPUR—**Question re—**

- Absence of a suitable train from Kharagpur to — in connection with No. 12 Passenger. 146.
- Raising of the platform at — on the Bengal Nagpur Railway. 146.

MILLER, THE HONOURABLE MR. E.—

- Indian Finance (Supplementary and Extending) Bill—
- Motion to consider. 259-62.

MINES (AMENDMENT) BILL—

See “ INDIAN — ” under “ BILL.”

MINORITY COMMUNITIES—

- Question *re* proportion of — on each of the State Railways. 60.

MITTER, THE HONOURABLE SIR BROJENDRA—

- Oath of Office. 243.

MOTOR VEHICLES DEPARTMENT—

- Question *re* — on the East Indian Railway. 44.

MUHAMMAD DIN, THE HONOURABLE KHAN BAHADUR CHAUDRI—

- Election of — to the Advisory Committee in connection with the publicity work of the Government of India. 185.

Question re—

- Exchange value of the rupee. 75-76.
- Import of foreign wheat into India. 74.
- Remission of land revenue owing to the fall in prices of agricultural produce. 75.

Resolution re—

- Air service between Karachi, Delhi and Calcutta. 117-20, 121.
- Continuation of the operation of the Wheat (Import Duty) Act for a further period of two years. 147-48, 155.

MUHAMMADAN(S)—**Question re—**

- Appointment of — I. C. S. officers as Secretaries and Joint Secretaries in the Government of India Secretariat. 52-53.
- Number of — officers and clerks in the Head Offices of the Eastern Bengal Railway. 213.

MUHAMMAD KHAN, MAHARAJA SIR MUHAMMAD ALI — OF MAHMUDABAD—

Death of —. 81.

MUHAMMAD HUSSAIN, THE HONOURABLE MIAN ALI BAKSH—

Appointment of — as a member of the Committee on Petitions. 9.

MUSLIM(S)—

Question *re*—

— gazetted officers in the Government of India offices, etc. 203.

Proportion of — in the Government of India Secretariat. 204-05.

Representation of — on the Round Table Conference. 174-75.

N

NAIDU, THE HONOURABLE MR. Y. RANGANAYAKALU—

Indian Finance (Supplementary and Extending) Bill—

Motion to consider. 271-74.

Oath of Office. 243.

NATESAN, THE HONOURABLE MR. G. A.—

Appointment of — as Chairman of the Committee on Petitions. 9.

Selection of — to the Advisory Committee in connection with the publicity work of the Government of India. 185.

Indian Finance (Supplementary and Extending) Bill—

Motion to consider. 264-66.

Motion to pass. 346-47, 351.

Resolution *re*—

Pay and allowances of officers of the Government of India. 122, 127.

Travelling and daily allowances of Members of the Council of State. 166-67.

NATIONAL HEALTH INSURANCE—

Question *re* — for India. 66-67.

NAVAL ARMAMENT (AMENDMENT) BILL—

See “ INDIAN — ” under “ BILL.”

NEW DELHI—

Question *re*—

Maintenance of official quarters for Members of the Indian Legislature in —. 42.

Revision of the rules for the allotment of quarters to clerks in —. 175-76.

NOON, THE HONOURABLE NAWAB MALIK MOHAMMAD HAYAT KHAN—

Indian Finance (Supplementary and Extending) Bill—

Consideration of Schedule I. 322.

Oath of Office. 243.

NORTH WESTERN RAILWAY—

See “RAILWAY(S).”

O

OATH OF OFFICE—

- Ayyar, the Honourable Sir C. P. Ramaswami. 9.
 Brebner, the Honourable Mr. A. 171.
 Chettiyar, the Honourable Raja Sir Annamalai. 113.
 Chinman Lal, the Honourable Rai Bahadur Lala. 9.
 Denning, the Honourable Mr. H. 9.
 Drake, the Honourable Mr. J. C. B. 9.
 Fazl-i-Husain, the Honourable Khan Bahadur Mian Sir. 243.
 Hasan Khan, the Honourable Khan Bahadur Sir Muhammad Israr. 201.
 Irving, the Honourable Mr. Miles. 9.
 Kidwai, the Honourable Shaikh Mushir Hosain. 243.
 Littlehales, the Honourable Mr. R. 9.
 Lloyd, the Honourable Mr. A. H. 113, 243.
 McWatters, the Honourable Sir Arthur. 243.
 Mitter, the Honourable Sir Brojendra. 243.
 Naidu, the Honourable Mr. Y. Ranganayakalu. 243.
 Noon, the Honourable Navab Malik Mohammad Hayat Khan. 243.
 Ram Chandra, the Honourable Mr. 85, 201.
 Shillidy, the Honourable Mr. J. A. 243.

OFFICIALS—

- Question *re* police protection for — of the Government of India. 205.

P

PANDIT, THE HONOURABLE SARDAR SHRI JAGANNATH MAHARAJ—

- Indian Finance (Supplementary and Extending) Bill—
 Motion to consider. 275-76.
 Indian Press (Emergency Powers) Bill—
 Motion to consider. 233-34.
 Question *re* Provident Fund for Government servants. 60-61.
 Resolution *re*—
 Establishment of provincial Departments of Commerce. 103-05, 106, 107.
 Location of the Indian Sandhurst. 128-29, 134.
 Representation of landholders in the new constitution. 155-57, 158, 160.

PANEL OF CHAIRMEN—

- Nominations to the —. 9.

PAPER CURRENCY RESERVE—

Question *re*—

Sale of securities held in the ——. 10.

Securities held in the ——. 10.

Silver bullion in the ——. 10.

Total amount of silver bullion in the — on the 31st March, 1931. 172-73.

Weight of gold and silver bullion in the ——. 11.

PASSAGE CONCESSIONS—

Question *re* extension of — to non-superior officers of non-Asiatic domicile serving under the Central Government. 73.

PASSENGER TRAINS—

Question *re*—

Cancellation of — and goods trains on the Eastern Bengal Railway, etc. 50-51.

Cancellation of — and goods trains on the East Indian Railway. 50.

PAY—

Question *re*—

— and allowances of the Members of the Public Service Commission. 203.

— of Members of the Railway Board. 202.

Revision of the — of sectional Superintendents in the office of the Director General of Posts and Telegraphs. 57.

Resolution *re* — and allowances of officers of the Government of India. 121-27.

PHYSICALLY AND MENTALLY UNFIT—

Question *re*—

Grant of relief to the —. 58.

Unemployment among the —. 58.

PLATFORM—

Question *re* raising of the — at Midnapur on the Bengal Nagpur Railway. 146.

POLICE PROTECTION—

Question *re* — for officials of the Government of India. 205.

PORTERS—

Question *re* — at railway stations. 245.

PORTS (AMENDMENT) BILL—

See " INDIAN — " under " BILL."

POSTAL RATES—

Question *re* additional income derived from the increased —. 243-44.

POSTS AND TELEGRAPHS ACCOUNTS AND AUDIT DEPARTMENT—

Question *re* ——. 55.

POSTS AND TELEGRAPHS ACCOUNTS AND AUDIT OFFICES—

Question *re* subordinates in the ——. 55.

POSTS AND TELEGRAPHS DEPARTMENT—

See " INDIAN ——".

POSTS AND TELEGRAPHS, DIRECTOR GENERAL OF—

Question *re* revision of the pay of sectional Superintendents in the office of the ——. 57.

POST OFFICE(S)—

Question *re*—

Cost of embossed envelopes sold by the ——. 57.

Number of —— closed in the Bihar and Orissa Circle. 56.

Savings effected by the amalgamation of Telegraph Engineering with the ——. 54.

Savings effected by the amalgamation of the Railway Mail Service with the ——. 54.

Superintendents of ——. 53-54.

Total number of —— in India, etc. 173.

POWER HOUSES—

Question *re*—

— on the Eastern Bengal Railway. 45.

— on the East Indian Railway. 44-45.

PRESS (EMERGENCY POWERS) BILL—

See " INDIAN ——" under " BILL."

PROVIDENT FUND—

Question *re* —— for Government servants. 60-61, 63.

PROVIDENT FUNDS (AMENDMENT) BILL—

See " BILL."

PROVISIONAL COLLECTION OF TAXES BILL—

See " BILL."

PUBLIC HEALTH COMMISSIONER—

Question *re*—

Abolition of the post of —— with the Government of India. 67.

Deputations of the —— out of India during the years 1929 and 1930. 67-68.

PUBLICITY WORK—

Election of two Members to the Advisory Committee in connection with the —— of the Government of India. 185.

Motion for the election of two Members of the Advisory Committee to assist in the conduct of the —— of the Government of India. 161.

PUBLIC SERVICE COMMISSION—

Question *re* pay and allowances of the Members of the ——. 203.

PUNJAB CRIMINAL PROCEDURE AMENDMENT (SUPPLEMENTARY) BILL—

See "BILL."

Q

QUARTERS—

Question *re*—

Maintenance of official ——— for Members of the Indian Legislature in New Delhi. 42.

Revision of the rules for the allotment of ——— to clerks in New Delhi. 175-76.

QUININE—

Question *re* release of the large stocks of ——— held by the Government of India. 66.

R

RAGHUNANDAN PRASAD SINGH, THE HONOURABLE RAJA—

Question *re*—

Cost of embossed envelopes sold by the Post Office. 57.

Diversion of one of the Express trains *via* the Sahibganj Loop on the East Indian Railway. 58.

Expenditure on running Imperial Mail trains. 56.

Expenditure on the Air Mail Service between India and foreign countries. 55-56.

Express trains Nos. 41-Up and 42-Down on the East Indian Railway. 58.

Extra staff employed at Bombay for the sorting of inward foreign mails. 56.

Grant of relief to the physically and mentally unfit. 58.

Housing of subordinates of the Posts and Telegraphs Department at Jharia. 56-57.

Mitigation of the evils of unemployment. 57.

Number of appointments of Directors, Telegraph Engineering, abolished. 54.

Number of post offices closed in the Bihar and Orissa Circle. 56.

Percentage of the total expenditure on accounts and audit in the Posts and Telegraphs Department to the total revenue of the Department. 55.

Posts and Telegraphs Accounts and Audit Department. 55.

Revision of the pay of sectional Superintendents in the office of the Director General of Posts and Telegraphs. 57.

Savings effected by the amalgamation of Telegraph Engineering with the Post Office. 54.

Savings effected by the amalgamation of the Railway Mail Service with the Post Office. 54.

RAGHUNANDAN PRASAD SINGH, THE HONOURABLE RAJA—contd.

Question *re—contd.*

Subordinates in the Posts and Telegraphs Accounts and Audit Offices. 55.

Suicides due to unemployment. 57.

Unemployment amongst the physically and mentally unfit. 58.

Unemployment insurance for India. 58.

RAILWAY(S)—

Assam Bengal —

Question *re* purchase by the State of the —. 46.

Bengal and North-Western —.

Question *re* purchase by the State of the —. 80-81.

Bengal Nagpur —

Question *re—*

Construction of a railway line between Contai and Contai Road on the —. 145-46.

Raising of the platform at Midnapur on the —. 146.

Company —

Question *re* retrenchment on —. 51-52.

Eastern Bengal —

Question *re—*

Cancellation of passenger and goods trains on the —, etc. 50-51.

Confirmation of the temporary hands in the Ticket-checking Department of the —. 213.

Number of Muhammadan officers and clerks in the Head Offices of the —. 213.

Power houses on the —. 45.

Provision of accommodation for intermediate class passengers on the —. 38.

Retrenchment on the —. 11-18, 43-44.

70499

East Indian —

Question *re—*

Abolition of the crew system on the —. 37-38.

Appointment of Indians as Divisional Superintendents on the — and the Great Indian Peninsula Railway. 245.

Cancellation of passenger and goods trains on the —. 50.

Case of Mr. R. P. Varma, an Assistant Master of the — High School at Khagaul. 201.

Discharge of Mr. H. N. Sinha, Headmaster of the — High School at Khagaul. 63.

Diversion of one of the Express trains *via* the Sahibganj Loop on the —. 58.

Expenditure on the Watch and Ward Department of the —, etc. 45-46.

Express trains Nos. 41-Up and 42-Down on the —. 58.

Motor Vehicles Department on the —. 44.

Power houses on the —. 44-45.

RAILWAY(S)—*contd.*

Great Indian Peninsula —

Question *re* appointment of Indians as Divisional Superintendents on the East Indian Railway and the —. 245.

North Western —

Question *re* retrenchment on the —. 73-74.

State —

Question *re*—

Amalgamation of the Accounts and Audit Departments of —, 51.

Divisional Superintendents on each of the —. 244.

Proportion of minority communities on each of the —. 60.

Purchase from abroad of stores for —. 49-50.

Purchase of stores for — through the Indian Stores Department. 74-75.

Retrenchment of superior and subordinate officers on —. 51.

Retrenchment on —. 73.

RAILWAY BOARD—

Question *re* pay of Members of the —. 202.

RAILWAY BUDGET—

See "BUDGET, RAILWAY."

RAILWAY LINE—

Question *re* construction of a — between Contai and Contai Road on the Bengal Nagpur Railway. 145-46.

RAILWAY MAIL SERVICE—

Question *re* savings effected by the amalgamation of the — with the Post Office. 54.

RAILWAY PASSENGERS—

Question *re* arrangements for medical aid to sick —. 37.

RAILWAY RATES ADVISORY COMMITTEE—

Question *re* —. 246.

RAILWAY SERVANTS—

Question *re* hours of work of —. 18-19.

RAILWAY STATIONS—

Question *re* porters at —. 245.

RAILWAY TRAINS—

Question *re* provision of more second class accommodation on —. 117.

RAM CHANDRA, THE HONOURABLE MR.—

Aligarh Muslim University (Amendment) Bill—

Motion to consider. 162-63.

Motion to pass. 163.

Oath of Office. 85, 201.

RAM SARAN DAS, THE HONOURABLE RAI BAHADUR LALA—**Indian Finance (Supplementary and Extending) Bill—**

Motion to consider. 276-80, 300, 302.

Consideration of clause 2. 309, 310.

Consideration of Schedule I. 317-20, 321, 323-24, 325.

Consideration of clause 5. 331.

Consideration of clause 6. 333.

Consideration of clause 7. 338-39.

Motion to pass. 345-46.

Indian Press (Emergency Powers) Bill—

Motion to consider. 231-32.

Consideration of clause 25. 238, 239.

Nomination of - - to the Panel of Chairman. 9.

Question re—

Adjustment of accounts relating to the Great War with the War Office. 245.

Amalgamation of the Accounts and Audit Departments of State Railways. 51.

Annual exodus to Simla. 47.

Appointment of Indians as Divisional Superintendents on the East Indian and Great Indian Peninsula Railways. 245.

Cancellation of passenger and goods trains on the Eastern Bengal Railway, etc. 50-51.

Cancellation of passenger and goods trains on the East Indian Railway, etc. 50.

Circumstances leading to the appointment of the Lee Commission. 59.

Continuance of the Wheat (Import Duty) Act, 1931, for another year. 60.

Divisional Superintendents on each of the State Railways. 244.

Errors in the survey of the Bahawalpur area of the Sutlej Valley Irrigation Project. 74.

Expenditure on the Watch and Ward Department of the East Indian Railway, etc. 45-46.

Extension of passage concessions to non-superior officers of non-Asiatic domicile serving under the Central Government. 73.

Import and export duties on foreign wheat and rice. 48.

Lee Concessions. 47, 58, 59.

Motor Vehicles Department on the East Indian Railway. 44.

Porters at railway stations. 245.

Power houses on the Eastern Bengal Railway. 45.

Power houses on the East Indian Railway. 44-45.

Proportion of minority communities on each of the State Railways. 60.

Purchase by the State of the Assam Bengal Railway. 46

Purchase from abroad of stores for State Railways. 49-50.

RAM SARAN DAS, THE HONOURABLE RAI BAHADUR LALA—*contd.*

Question *re—contd.*

Railway Rates Advisory Committee. 246.

Repatriation of Indian settlers from British colonies and possessions. 49.

Restriction of the present activities of the Tariff Board and the Imperial Agricultural Research Department. 47.

Retrenchment in the Indian Posts and Telegraphs Department. 52.

Retrenchment of superior and subordinate officers on State Railways. 51.

Retrenchment on Company Railways. 51-52.

Retrenchment on State Railways. 73.

Retrenchment on the Eastern Bengal Railway. 43-44.

Retrenchment on the North Western Railway. 73-74.

Safeguarding of the rights of Indian settlers in the Transvaal. 46.

Savings by the Army Department in expenditure on rations, clothing and stores. 245.

Withdrawal of the Lee Concessions. 59-60.

Resolution *re—*

Continuation of the operation of the Wheat (Import Duty) Act for a further period of two years. 150-51, 152, 153.

Representation of landholders in the new constitution. 160.

Stabilisation of exchange at 1s. 4d. 94-95, 96, 98, 99, 100.

Travelling and daily allowances of Members of the Council of State. 167.

RATIONS—

Question *re* savings by the Army Department in expenditure on —, clothing and stores. 245.

REBELLION—

Question *re* — in Burma. 113.

RESEARCH FUND ASSOCIATION—

See " INDIAN —."

RESERVE FORCES (AMENDMENT) BILL—

See " INDIAN —" under " BILL."

RESOLUTION *RE—*

Air service between Karachi, Delhi and Calcutta. 117-21.

Burma, Protection of Indian residents in —. 110-12.

Compulsory labour, Recommendation of the International Labour Conference concerning forced or —. 207-09.

Council of State, Travelling and daily allowances of Members of the —. 165-68.

Departments of Commerce, Establishment of provincial —. 103-07.

Exchange, Stabilisation of — at 1s. 4d. 85-102.

Flag for British India. 134-38.

RESOLUTION *RE*—*contd.*

- Indian Sandhurst, Location of the ——. 128-34.
- Landholders, Representation of — in the new constitution. 155-60.
- Pay and allowances of officers of the Government of India. 121-27.
- Railway Budget, Presentation of the — during the autumn Session of the Central Legislature. 107-10.
- Road Development Account, Utilisation of the apportionment made among Governors' Provinces and minor Administrations in the —. 180-85.
- Traders and cultivators in Burma, Improvement of the present lot of —. 138-42.
- Wheat (Import Duty) Act, Continuation of the operation of the — for a further period of two years. 147-55.

RESTAURANT CARS—

- Question *re* provision of — on important trains for intermediate and third class passengers. 53.

RETRENCHMENT—**Question *re*—**

- Members of the Committees or Sub-Committees on — in the Central Government. 70.
- in the Indian Posts and Telegraphs Department. 52.
- of superior and subordinate officers on State Railways. 51.
- on Company Railways. 51-52.
- on State Railways. 73.
- on the Eastern Bengal Railway. 11-18, 43-44.
- on the North Western Railway. 73-74.

RETRENCHMENT COMMITTEES—

- Question *re* publication of the reports of the different —. 203-04.

RICE—

- Question *re* import and export duties on foreign wheat and —. 48.

RIVERS—

- Question *re* prevention of erosions of —. 42.

ROAD DEVELOPMENT ACCOUNT—

- Resolution *re* utilisation of the apportionment made among Governors' Provinces and minor Administrations in the —. 180-85.

ROUND TABLE CONFERENCE—**Question *re*—**

- Delegates to the —. 70-72.
- Delegates to the second —. 146-47.
- Representation of Muslims at the —. 174-75.

RULING—

Adjournment—

Motion for the — of a discussion can only be made with the permission of the Chair. 218.

Amendment—

An — to a motion cannot be in the form of a direct negative. 236.

Bill—

Amendment—

An — cannot be moved to omit a clause of a —. 236.

Circulation—

Rules of the Council of State do not provide for — of a —. 218.

Consideration stage—

Chair has power to suspend the Standing Orders and to shorten the period of notice or to dispense with it altogether in connection with the — of a —. 209.

Motion to omit a clause of a — - not in order. 310, 335.

Vote on the question that a clause of a — be omitted can be given at the end of the debate on the question that the clause stand part of the —. 310.

Dilatory motion—

— not in order in regard to a recommended — without the sanction of the Member in charge of the —. 266.

Select Committee—

The only amendment that can be made in the Council of State in connection with a — is to refer it to a —. 218.

Interruptions—

Frequent — deprecated. 325.

Miscellaneous—

Irrelevancy deprecated. 350.

Motion—

Moving of a — by an Honourable Member in whose name it did not stand. 82.

Repetition—

— deprecated. 228.

Standing Orders—

Chair has power to suspend — and to shorten the period of notice or dispense with it altogether in connection with the consideration of a Bill. 209.

RUPEE—

Question *re* exchange value of the —. 75-76.

S**SAHIBGANJ LOOP—**

Question *re* diversion of one of the Express trains *via* the — on the East Indian Railway. 58.

SALT (ADDITIONAL IMPORT DUTY) BILL—

See "BILL."

SANDHURST—

See "INDIAN —."

SCHOOL—

Question *re*—

Case of Mr. R. P. Varma, an assistant master of the East Indian Railway High — at Khagaul. 201.

Discharge of Mr. H. N. Sinha, Headmaster of the East Indian Railway High — at Khagaul. 63.

SCHUSTER, THE HONOURABLE SIR GEORGE—

Indian Finance (Supplementary and Extending) Bill—

Motion to consider. 298-307.

SECOND CLASS ACCOMMODATION—

Question *re* provision of more — on railway trains. 117.

SECRETARIAT—

Question *re*—

Appointment of Muhammadan I. C. S. officers as Secretaries and Joint Secretaries in the Government of India —. 52-53.

Proportion of Muslims in the Government of India —. 204-05.

SECRETARIES—

Question *re* appointment of Muhammadan I. C. S. officers as — and Joint Secretaries in the Government of India Secretariat. 52-53.

SECURITIES—

Question *re*—

Sale of — held in the Paper Currency Reserve. 10.

— held in the Paper Currency Reserve. 10.

SHERIFF OF CALCUTTA (POWERS OF CUSTODY) BILL—

See "BILL."

SHILLIDY, THE HONOURABLE MR. J. A.—

Indian Finance (Supplementary and Extending) Bill—

Consideration of clause 6. 334.

Oath of Office. 243.

SILVER BULLION—

Question *re*—

— in the Paper Currency Reserve. 10.

Total amount of — in the Paper Currency Reserve on the 3rd March, 1931, etc. 172-73.

SIMLA—

Question *re* annual exodus to ——. 47.

SINHA, MR. H. N.—

Question *re* discharge of —, Headmaster of the East Indian Railway High School at Khagaul. 63.

SINHA, THE HONOURABLE KUMAR NRIPENDRA NARAYAN—

Indian Finance (Supplementary and Extending) Bill—
Motion to consider. 288-90.

STANDING COMMITTEE—

Election of two non-official Members to the — of the Department of Industries and Labour. 168-69.

Motion for the election of two non-official Members to the — for the Department of Industries and Labour. 81, 82.

STANDING COMMITTEE FOR THE DEPARTMENT OF INDUSTRIES AND LABOUR—

Election of two non-official Members to the —. 168-69.

Motion for the election of two non-official Members to the —. 81, 82.

STATEMENT OF BUSINESS—

— by the Leader of the House. 83, 143, 169, 185, 199.

STATE RAILWAYS—

See “RAILWAY(S).”

STEEL INDUSTRY (PROTECTION) BILL—

See “BILL.”

STERLING LOAN—

Question *re* last ——. 173-74.

STORES—

Question *re*—

Purchase from abroad of — for State Railways. 49-50.

Purchase of — for State Railways through the Indian Stores Department. 74-75.

Savings by the Army Department in expenditure on rations, clothing and ——. 245.

STRONG, MR. F. W.—

Question *re*—

Inspection of Calcutta offices by —, Commissioner of Income-tax, Bengal. 116.

Inspection tour of —, Commissioner of Income-tax, Bengal. 115.

Recess of —, Commissioner of Income-tax, Bengal. 115.

SUCCESSION (AMENDMENT) BILL—

See “INDIAN —” under “BILL.”

SUHRAWARDY, THE HONOURABLE MR. MAHMOOD—

Election of — to the Standing Committee of the Department of Industries and Labour. 169.

Indian Finance (Supplementary and Extending) Bill—

Motion to consider. 290-94.

Indian Press (Emergency Powers) Bill—

Motion to consider. 222-25.

Question *re*—

Absence of a suitable train from Kharagpur to Midnapur in connection with No. 12 Passenger. 146.

Allowing income-tax assesses to carry forward business losses incurred in any one year to the next year, etc. 201-02.

Case of Mr. R. P. Varma, an assistant master of the East Indian Railway High School at Khagaul. 201.

Confirmation of temporary hands in the Ticket-checking Department of the Eastern Bengal Railway. 213.

Construction of a railway line between Contai and Contai Road on the Bengal Nagpur Railway. 145-46.

Delegates to the Second Round Table Conference. 146-47.

Muslim gazetted officers in the Government of India offices, etc. 203.

Number of Muhammadan officers and clerks in the Head Offices of the Eastern Bengal Railway. 213.

Pay and allowances of the Members of the Public Service Commission. 203.

Pay of Members of the Railway Board. 202.

Police arrangements for the protection of officials of the Government of India. 205.

Proportion of Muslims in the Government of India Secretariat. 204-05.

Publication of the reports of the different Retrenchment Committees. 203-04.

Raising of the platform at Midnapur on the Bengal Nagpur Railway. 146.

Redress of communal inequalities in the Civil Audit and Accounts Department. 174.

Resolution *re*—

Pay and allowances of officers of the Government of India. 125, 127.

Travelling and daily allowances of Members of the Council of State. 167-68.

SUICIDES—

Question *re* — due to unemployment. 57.

SUPERINTENDENTS OF POST OFFICES—

Question *re* —. 53-54.

SUPER-TAX—

Question *re* percentage of income-tax and ——— derived from business in jute in Bengal. 116.

SURVEY—

Question *re* errors in the ——— of the Bahawalpur area of the Sutlej Valley Irrigation Project. 74.

SUTLEJ VALLEY IRRIGATION PROJECT—

Question *re* errors in the survey of the Bahawalpur area of the ———. 74.

T

TARIFF BOARD—

Question *re* restriction of the present activities of the ——— and the Imperial Agricultural Research Department. 47.

TELEGRAPH ENGINEERING—

Question *re* savings effected by the amalgamation of ——— with the Post Office. 54.

TELEGRAPH ENGINEERING, DIRECTORS OF—

Question *re* number of appointments of ——— abolished. 54.

TEMPORARY HANDS—

Question *re* confirmation of ——— in the Ticket-checking Department of the Eastern Bengal Railway. 213.

TERRITORIAL FORCE—

See " INDIAN ———."

TERRITORIAL FORCE (AMENDMENT) BILL—

See " INDIAN ——— " under " BILL."

THERMAL SPRINGS—

Question *re* utilisation of ——— in India. 67.

THIRD CLASS PASSENGERS—

Question *re* provision of restaurant cars on important trains for intermediate and ———. 53.

TOBACCO EXPERT—

Question *re* appointment of a ———. 21-22.

TRADERS—

Resolution *re* improvement of the present lot of ——— and cultivators in Burma. 138-42.

TRAINING—

Question *re* amount of charges debited to India in connection with the ——— of British officers and soldiers of the Indian Army in England. 244.

TRANSVAAL—

Question *re* safeguarding of the rights of Indian settlers in the ———. 46.

TRAVELLING ALLOWANCE—

Resolution *re* — and daily allowance of Members of the Council of State. 165-68.

TREASURY BILLS—

Question *re* —, etc. 10.

U**UBEROI, THE HONOURABLE SARDAR BAHADUR SHIVDEV SINGH—**

Indian Press (Emergency Powers) Bill—

Motion to consider. 226-29, 230, 234, 235.

Nomination of — to the Panel of Chairmen. 9.

Resolution *re*—

Continuation of the operation of the Wheat (Import Duty) Act for a further period of two years. 148-49, 154.

Pay and allowances of officers of the Government of India. 126-27.

Utilisation of the apportionment made among Governors' Provinces and minor Administrations in the Road Development Account. 181, 182-83, 184.

UNEMPLOYMENT—

Question *re*—

Mitigation of the evils of —. 57.

Suicides due to —. 57.

— among the physically and mentally unfit. 58.

UNEMPLOYMENT INSURANCE—

Question *re* — for India. 58.

V**VARMA, MR. R. P.—**

Question *re* case of —, an assistant master of the East Indian Railway High School at Khagaul. 201.

VICEROY, HIS EXCELLENCY THE—

Address by — to the Members of the Council of State and the Legislative Assembly. 1-7.

Message from — nominating the Panel of Chairmen. 9.

VIZAGAPATAM PORT BILL—

See "BILL."

W**WAGES—**

Question *re* reduction of the — of Indian coolies in Ceylon. 54.

WAR OFFICE—

Question *re* adjustment of accounts relating to the Great War with the —. 245.

WATCH AND WARD DEPARTMENT, EAST INDIAN RAILWAY—

Question *re* expenditure on the —, etc. 45-46.

WATSON, THE HONOURABLE SIR CHARLES—

- Resolution *re* utilisation of the apportionment made among Governors Provinces and minor Administrations in the Road Development Account. 184-85.

WHEAT—

Question *re*—

Import and export duties on foreign — and rice. 48.

Import of foreign — ~~into~~ India. 74.

WHEAT (IMPORT DUTY) ACT—

See “ ACT.”

WHEAT (IMPORT DUTY) BILL—

See “ BILL.”

WHITTY, THE HONOURABLE MR. J. T.—

- Resolution *re* recommendation of the International Labour Conference concerning forced or compulsory labour. 209.

THE

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Monday, 14th September, 1931.

ADDRESS BY HIS EXCELLENCY THE VICEROY TO THE MEMBERS
OF THE COUNCIL OF STATE AND THE LEGISLATIVE ASSEMBLY.

HIS EXCELLENCY THE VICEROY: Gentlemen of the Indian Legislature,—As a preliminary to my general remarks this morning, I wish at once to make reference to the tragic death of Sir Steuart Pears, the Chief Commissioner of the North West Frontier Province, which occurred at Nathia Gali on the 9th of this month. In him the Government of India have lost an officer of wide experience, sound judgment and immense knowledge of the Frontier, whose services could ill be spared at the present juncture. I wish to pay this brief tribute to his memory and to tender to Lady Pears an expression of my deep and sincere sympathy, with which, I am sure, you will all desire to be associated.

I consider it a great privilege and pleasure, as Viceroy of India, to meet to-day and to welcome Honourable Members of both our Legislative Chambers, who are gathered here to assist and advise my Government on the important matters which will be laid before them during this Session for their consideration. I should like to extend a special word of greeting to you, Sir Henry Moncrieff Smith, who, as President of the Council of State, have upheld the dignity and usefulness of our second Chamber during the period of your tenure of that high office. And I am delighted to extend an equally sincere greeting to my old friend, the President of the Legislative Assembly, for I feel that it is to me a particularly happy augury that in his person I am renewing an association full of pleasant memories of the days when Sir Ibrahim Rahimtoolah gave me such valuable assistance in guiding the destinies of the Presidency of Bombay.

We are met at a time when the future development and progress of India are engaging the attention of our delegates in London, and we all trust that their discussions with their British fellow-delegates, which have just recommenced, may produce the best possible results, at a time too when both the political, the financial and economic conditions of the country are causing us all the

greatest anxiety and concern. It is surely a time when, more than ever before all races, classes and communities in India should cultivate the spirit of co-operation, of mutual confidence and trust, for is it not true to say that we all have a great common purpose in view, namely, the handing over to Indians the responsibility of the administration of their local affairs, with a view to securing for India an absolutely equal position alongside the other Dominions within the British Empire? Let me now give you some information as to such important happenings that have taken place, such fresh problems that will have to be faced, since last Honourable Members met for their administrative duties.

I am glad to be able to inform you that, in the field of external affairs, our foreign relations are of a perfectly satisfactory character, and that our relations with the Foreign States whose boundaries adjoin India continue most cordial in every way.

Let me turn your attention for a few moments to inter-Imperial relations.

As Honourable Members are aware, the Government of India deputed the Right Honourable V. S. Srinivasa Sastri to represent them before the Joint Select Committee of the two Houses of Parliament in London on the question of East Africa. Mr. Sastri gave evidence before the Committee towards the middle of June, and widespread satisfaction will be felt at the fact that, on the question of Closer Union, the views, which the Government of India finally authorised him to express on their behalf, were in complete accord with those of non-official Indian opinion, both in this country and in East Africa. My Government now await the report of the Committee with great interest.

The depression in the rubber and, latterly, in the tea industry has seriously affected the Indian labourer in Malaya and Ceylon. The Governments of these two territories have shown a commendable spirit of co-operation with us in ensuring that the measure of sacrifice imposed by the economic crisis on the Indian labourer is not proportionately greater than what he can legitimately be expected to bear along with the other elements engaged in the industry, and that the labourer, who is not prepared to bear his share of the sacrifice, is repatriated to this country free of cost. My Government are watching the economic situation, in so far as it affects the Indian labourer, with constant and sympathetic vigilance and will do all that lies in their power to safeguard his interests.

When the Order in Council on the subject of the franchise in Ceylon was first promulgated, there was considerable misgiving as to its effect on the Indian aspirant to the vote. It was feared that the requirement of a certificate of permanent settlement would have the effect of debarring a great many Indians from claiming the franchise. Honourable Members will be glad to hear that the great majority of Indians, who have sought admission to the electoral roll, have done so on the strength of domicile which can be established by a proof of five years' continuous residence in the Island. The total number of Indian electors is over 100,000 and it is hoped that, as the Indian population of Ceylon learns to appreciate the value of the vote and of organisation, their numbers will increase. Meanwhile, my Government have learnt with great satisfaction that one of the Indian elected Members of the State Council has secured a seat in the Ministry.

Early in the new year representatives of the Government of India will meet the representatives of the Government of the Union of South Africa to consider matters arising out of the working of the Cape Town Agreement which was concluded in 1927. As Honourable Members are aware, the Union Government, in deference to our representations, have agreed to postpone consideration of the Bill to regulate the tenure and ownership of immovable properties by Indians in the Transvaal until after this Conference which will also consider this projected measure of legislation. My Government are deeply appreciative of the spirit of friendliness of which this decision of the Union Government is a sign, and earnestly hope that it will help to ensure for the Conference an issue satisfactory and honourable both to India and to South Africa. Non-official Indian opinion, both in South Africa and in this country, has been greatly alarmed by this Bill, as also by certain other legislation, of which the recent amendment of the Immigration Act of the Union in respect of the value of Transvaal Registration certificates is the most important. The Government of India are of opinion that there is justification for this feeling, but do not despair of a satisfactory settlement of all these questions, provided that the representatives of both Governments approach them with earnest resolution to maintain and, indeed, improve upon the friendly relations which the Conference of 1927 did so much to establish. I feel confident that the interests of India will be fully maintained by her representatives under the wise and able Chairmanship of Sir Fazl-i-Husain.

In his speech at the opening of the Legislative Assembly in January last, my predecessor made reference to the collapse in world prices of agricultural products, and the distress which was thereby being caused. Except in a few cases, there has, I am afraid, been no improvement in the trend of prices since then, and the situation for a country which is as dependent as India on the price she realises for the products of her fields is one of great anxiety. My Government have been watching the situation with concern. I am glad to be able to say that the reports which we have received show that Local Governments have been adopting vigorous measures to grapple with it. Substantial remissions and suspensions of land revenue have been granted wherever the situation rendered such a course necessary and similar measures have been adopted in respect of local rates and irrigation dues in several Provinces. Agricultural loans have been given on a liberal scale and concessions made in the matter of the repayment of outstanding loans, and when necessary measures have also been taken to open test relief works and to distribute gratuitous relief. In Madras and the United Provinces committees were appointed by the Local Governments to enquire into the existing situation and suggest measures of relief, and the recommendations made by these committees are being given effect to as far as possible. Harvest prospects in themselves, I am happy to be able to say, are promising. The reports which we have received show that except in Sind, Upper Burma and, in particular, parts of Bengal which have recently been visited by the most disastrous floods, the condition of the crops and agricultural prospects are, generally speaking, satisfactory.

What then is wanted to bring about a general improvement in the situation is a rise in prices. For that we must, I am afraid, wait for the revival, which we all hope will not be much further delayed, in general economic conditions throughout the world.

India, as one of the original signatories of the Covenant of the League of Nations, has always taken a prominent part in the deliberations of the Assembly; and, in accordance with the desire expressed on many occasions by the Indian Legislature, our Delegation is, for the third time, being led by a distinguished Indian. The League, as is well known, concerns itself not only with its primary objects of disarmament and peace, but also with other beneficent and humanitarian activities; and in these as well as in the matter of co-operation in the economic and social spheres which form a considerable part of the League's functions, India is largely concerned and her Delegates have always evinced therein a lively interest. I am sure I shall be voicing the sentiments of all of you when I wish Sir B. L. Mitter and his colleagues on the Delegation every success in the work of the Session which commenced last Monday.

In addressing you last January at Delhi, my predecessor referred to the Royal Commission on Labour presided over by my Right Honourable friend Mr. Whitley, which was then engaged in the concluding stages of its work. The Report of the Commission has since been published, and their recommendations are receiving the careful consideration of the Government of India. After consultation with the Provincial Governments, proposals for legislation will in due course be placed before the Legislature. The thanks of the Government and people of India are due to Mr. Whitley and his colleagues for their valuable report based on a very thorough investigation of the conditions of labour in this country.

I should also like to acknowledge the invaluable services rendered on behalf of India at the International Labour Conferences by Sir Atul Chatterjee who has recently relinquished charge of his duties as High Commissioner for India. Sir Atul was associated with the International Labour Organisation from its inception in 1919. Out of the 15 Sessions of the Conference held so far, Sir Atul has attended no less than 11, and from 1926 he has been in addition the permanent representative of the Government of India on the Governing Body of the International Labour Organisation. His election as President of the International Labour Conference in 1927 was a signal honour to India.

I now come to the matter which is that of most immediate practical importance—the financial situation.

At the outset I must express my appreciation of the great services rendered by those chosen by the Legislature to represent them on the various Retrenchment Committees. This is an occasion on which my Government, in a desire to act in a manner responsive to public opinion as represented in the Legislature, have invited the unofficial representatives to join with them, and lend them their support, in performing a very difficult, a very unpleasant, but yet a very necessary task. It is with great appreciation that I have been able to note how whole-hearted has been the response to this invitation. During the past months a great number of your Members have been devoting themselves in different places to an exhaustive examination of the various fields of public expenditure. Their work has been given ungrudgingly, often at great inconvenience and personal sacrifice. One Member, the late Mr. K. C. Roy, whose untimely and tragic loss I, and all of you, so deeply deplore, continued his

labours on one of the most arduous Sub-Committees almost to the very moment when he was struck down.

I am glad to have this opportunity to express the appreciation and thanks of myself and of my Government for the public services thus rendered by all members of these Committees.

Their interim reports will receive the most urgent consideration by my Government, for the introduction of practical measures brooks no delay. Let me now say a few words about our financial plans.

In present circumstances, India, like practically every other country, must regard it as her foremost duty to devise means to weather the unprecedented economic storm which is now disturbing the whole world. It is essential in the interests of the country's credit that special action in this matter should not be delayed, and you will be informed shortly of my Government's proposals for dealing with the situation. For the present it suffices for me to announce clearly and decisively that we are determined to meet the situation adequately, and to maintain those principles of sound finance which India has always followed. This time of constitutional change is not one for making dangerous experiments with untried methods. On the contrary, we shall work on the proved principles which in the long run always reward those who have the courage and tenacity to hold fast to them. I would add that rumours that my Government propose to meet the difficulties by such methods as lowering the value of the country's currency are entirely unfounded.

The plans necessary to restore financial equilibrium will inevitably demand sacrifices from all classes from the highest downwards, and I am confident not only that these sacrifices will be willingly made, but that India will emerge successfully from her present troubles. The intrinsic position of India is thoroughly sound. She has not pledged her credit to finance extravagant or unproductive expenditure; her trade is based on commodities which are necessities for the world, and she can produce them on terms which can compete with any other country. Such difficulties as we must now encounter are caused, not by any internal defects, but by an economic cyclone which has come equally upon all the world, and which no single country by its own isolated action can alleviate. Our task in these circumstances is to preserve the situation until the force of the tempest is past. And, in order that we may succeed in this task, the one great need is that all classes and communities in India, officials and businessmen, Indians and Europeans, town and country, should pull together with a common effort. This is a time for all those who are serving India, or who owe to her their political or economic allegiance, to put the public interest above all thoughts of private gain or political advantage. This is the appeal which I wish to broadcast to the country. If it is heard, then I can safely prophesy that India will emerge strengthened from her trials, and that in years to come she will be able to look back upon the present purging process as an event which, though painful at the time, was a blessing in disguise. The public finances will have been thoroughly overhauled, and the new constitution will start with troubles of this kind behind it, and with a clear road for improvement in the future.

The eyes of India are now fixed on those statesmen who are sitting in London and carrying on the work of constitutional reform which received

such an auspicious beginning last winter culminating in the announcement of His Majesty's Government on the 19th of January which went far ahead of any previous declaration of their policy and set the stage afresh for co-operation in the great task of Indian constitutional reform. The delegates attending the Conference will be confronted with many difficult details, but it is a matter of the greatest satisfaction to know that every party is now represented at the Round Table Conference, and it is my earnest hope that an agreed solution will be reached in regard to constitutional matters including an agreement on communal questions to the satisfaction of all communities, especially the minorities, the safeguarding of whose rights has been assured by His Majesty's Government. I would point out that in matters affecting the Reforms my Government has not been idle since the adjournment of the Round Table Conference last winter. Apart from material supplied to the Secretary of State, it has set up 'inquiries on the lines directed by the Conference. The experts' proposals on the financial consequences of the separation of Burma have been submitted for consideration to the Standing Finance Committee. Copies of the report of the North West Frontier Province Subjects Committee have been supplied to all Members of the Legislature. The recommendations of the Committee have been conceived on generous lines and will, it is hoped, meet the aspirations of the Frontier Province to stand on a position of constitutional equality with the other Provinces. The Sind financial inquiry is now in progress and plans have already been made to set up the Orissa Committee during the cold weather. The Federal Structure Committee in London has already resumed its labours accompanied by the good wishes of all in India, and I must emphasise once again the supreme desirability of maintaining peaceful conditions in India during the discussions which are now taking place, and I appeal with all the emphasis at my command to those who have the interests of this great country at heart to preserve an atmosphere of peace and tranquillity.

We must all have been shocked and horrified at the brutal and senseless murders and attempts to murder which have taken place in this country during the last few months, and I am sure we should all wish to express our deepest sympathy with the families of Mr. Garlick and Khan Bahadur Ahsanullah and Lieutenant Hext who have all met their deaths at the hands of these assassins, and by whose deaths we have lost three officers who in their several ways were giving valuable service to this country and the British Empire. I think too that we should wish to express our feelings of grateful thanks for the Providential escape from death of His Excellency the Governor of Bombay and Mr. Cassells, the Commissioner of Dacca.

A disquieting feature of these tragic happenings lies in the fact that these outrages have been committed for the most part by immature youths who, at the most emotional and susceptible time of their lives, are being, literally, exploited through the teachings and writings of revolutionary leaders to carry out their criminal and murderous designs. While Local Governments are primarily concerned in the arduous and dangerous task of combating this movement, I feel that they are entitled to receive all assistance within reason that we are able to give. I am confident that I and my Government in the performance of our manifest duty can rely on the support of Honourable Members in taking all necessary and reasonable steps to stamp out these

terrorist and revolutionary activities which are destroying the fair name of India in the eyes of the world.

I am glad to be able to inform Honourable Members that the situation in Burma, which has for months past been causing us much anxiety and concern, has within the last few weeks been showing signs of marked improvement. It is a matter of particular gratification that there has been a cessation, which I hope will be maintained, of racial and communal strife. I profoundly trust that before long peaceful conditions will once again be the happy lot of that Province.

I am sure you would wish me to express our thanks to officers and men both of the Army and the Police for the admirable way in which they have carried out their duties under the most difficult and trying conditions, and, while we must all sympathise with His Excellency the Governor of Burma and his Government on the difficulties they have had to surmount, I can confidently assure you that their one desire is to get back to normal conditions as soon as possible, to pursue a policy of clemency as far as circumstances will allow, and to take all practicable measures for the relief of economic distress.

In leaving you to carry on your duties, I trust that a great Providence may guide you in your labours and that the results of your deliberations may prove of lasting benefit to our country and to all classes of its people.

COUNCIL OF STATE.

Tuesday, 15th September, 1931.

The Council met in the Council Chamber at Viceregal Lodge at Eleven of the Clock, being the first day of the Second Session of the Third Council of State, pursuant to section 63D (2) of the Government of India Act. The Honourable the President (the Honourable Sir Henry Moncrieff Smith, Kt., C.I.E.) was in the Chair.

MEMBERS SWORN:

The Honourable Sir C. P. Ramaswami Ayyar K.C.I.E. (Law Member).

The Honourable Mr. John Collard Bernard Drake, C.I.E., C.B.E. (Commerce Secretary).

The Honourable Mr. Miles Irving, C.I.E., O.B.E. (Punjab: Nominated Official).

The Honourable Rai Bahadur Lala Chimman Lal (United Provinces : Nominated Official).

The Honourable Mr. Richard Littlehales, C.I.E. (Educational Commissioner).

The Honourable Mr. Howard Denning, C.I.E. (Finance Secretary).

MESSAGE FROM HIS EXCELLENCY THE GOVERNOR GENERAL.

THE HONOURABLE THE PRESIDENT : I have a Message for the Council from His Excellency the Viceroy. The Message is as follows :—

PANEL OF CHAIRMEN.

“ In pursuance of the provisions of sub-section (2) of section 63A of the Government of India Act, I, Freeman, Earl of Willingdon, hereby nominate the following Members of the Council of State to be on the Panel of Chairmen of the said Council of State :

In the first place the Honourable Mr. Philip Henry Browne ; in the second place, the Honourable Rai Bahadur Lala Ram Saran Das ; in the third place, the Honourable Sardar Bahadur Shivdev Singh Uheroi ; and lastly, the Honourable Mr. Ganesh Srikrishna Khaparde.

(Sd.) WILLINGDON,

Viceroy and Governor General.”

SIMLA,

The 13th September, 1931.

COMMITTEE ON PETITIONS.

THE HONOURABLE THE PRESIDENT : Under Standing Order 76 of the Council of State Standing Orders, I am required at the commencement of each Session to constitute a Committee on Petitions consisting of a Chairman and four members. The following Honourable Members have at my request kindly consented to preside over and serve on the Committee. I accordingly have much pleasure in nominating as Chairman of the Committee the Honourable Mr. G. A. Natesan, and as members, the Honourable Sardar Charanjit Singh, the Honourable Diwan Bahadur G. Narayanaswami Chetti, the Honourable Mr. Ali Baksh Muhammad Hussain and the Honourable Mr. Syed Abdul Hafeez.

QUESTIONS AND ANSWERS.

TREASURY BILLS, ETC.

1. THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM : Will the Government lay on the table the following statement from 1st January, 1931 to 31st July, 1931 :—

- (a) maturities of Treasury Bills with dates ;
- (b) the issue of Treasury Bills with dates and specifying the 3, 6 and 9 months separately ;
- (c) the place of maturities and issues ;
- (d) the amount held in the Paper Currency Reserve ?

THE HONOURABLE MR. H. DENNING : (a), (b) and (c). The statements are being sent to the Honourable Member as they are too voluminous to be printed in the proceedings of the House.

(d) The information which the Government of India are required to publish under the Indian Paper Currency Act is given in the weekly statements issued by the Controller of the Currency. The Government of India regret that they cannot give any further information.

SECURITIES HELD IN THE PAPER CURRENCY RESERVE.

2. THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM : Will Government lay on the table a statement of—

- (a) securities now held in the Paper Currency Reserve ;
- (b) securities held in the Paper Currency Reserve on 31st March, 1930 ?

THE HONOURABLE MR. H. DENNING : The attention of the Honourable Member is invited to the reply just given by me to part (d) of the previous question.

SILVER BULLION IN THE PAPER CURRENCY RESERVE.

3. THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM : Will Government state how they value the silver bullion in the Paper Currency Reserve and what would be the sale value of the silver bullion at the present English market rate of the silver bullion in the Paper Currency Reserve on 31st July, 1931 ?

THE HONOURABLE MR. H. DENNING : The silver bullion now held in the Reserve was obtained by melting silver coin and is valued at the rate of one rupee for 165 grains troy of fine silver under clause (a) of sub-section (8) of section 18 of the Indian Paper Currency Act, 1923, as amended by the Indian Paper Currency (Amendment) Act, 1923. The value of the silver bullion in amount (69,008,481 tolas) held in the Reserve on the 31st July, 1931 is about £1,402,000 at 13d. per standard ounce.

SALE OF SECURITIES HELD IN THE PAPER CURRENCY RESERVE.

4. THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM : Will the Government state at what profit or loss from the book value the securities held in the Paper Currency Reserve were sold and what amount was paid as commission to the brokers during the present year ?

THE HONOURABLE MR. H. DENNING : No securities held in the Paper Currency Reserve have been sold in the current year.

WEIGHT OF GOLD AND SILVER BULLION IN THE PAPER CURRENCY RESERVE.

5. THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM: Will Government state the weight of gold and silver bullion in the Paper Currency Reserve on the week ending 21st June, 1931 ?

THE HONOURABLE MR. H. DENNING: The weight of gold bullion held in the Paper Currency Reserve on the 22nd June, 1931, was 8,712,080 tolas fine and of silver bullion 67,549,684 tolas fine.

RETRENCHMENT ON THE EASTERN BENGAL RAILWAY.

6. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE:
1. Will Government be pleased to lay on the table a statement showing the number of hands that have been retrenched within the last six months on the Eastern Bengal Railway ?

2. Will Government be pleased to specify in the statement the number of Hindus, Muhammadans, Anglo-Indians, Europeans and other nationalities, that have been so retrenched ?

3. Will Government be pleased to state the principle on which this retrenchment has been effected ?

4. Will Government be pleased to lay on the table a statement showing the number of different posts that have been abolished in the Dacca Section of the Eastern Bengal Railway ?

5. Will Government make a statement regarding the hands that have been retrenched in the Dacca Section specifying the length of their service, their salaries and the terms of their appointment ?

6. Will Government be pleased to state if there are any men in service junior to those that have been retrenched ?

7. If so, will Government be pleased to state why senior men were selected for retrenchment instead of the junior hands ?

8. Will Government be pleased to lay on the table those resolutions of the Railway Board according to which these retrenchments were effected ?

9. Are Government satisfied that the spirit of the resolutions referred to above have been strictly adhered to ?

10. If not, will Government be pleased to take steps to cause an inquiry into the circumstances ?

THE HONOURABLE MR. J. C. B. DRAKE: 1 and 2. A statement is laid on the table.

3. The principles adopted were as follows :

Those who were inefficient were first to be discharged ; next those who were the least efficient ; next those who had short service and then those nearing the age of superannuation.

4. A statement is laid on the table giving all available information.

5. A statement is laid on the table.
6. The reply is in the affirmative.
7. The retrenchment was made in accordance with the principles mentioned in answer to part 3 of the question.
8. The Railway Board's letters on the subject are laid on the table.
9. Yes.
10. Does not arise.

Statement showing the number of persons discharged within the last six months on the Eastern Bengal Railway.

Hindus	1,147
Muslims	292
Europeans and Anglo-Indians	24
	<hr/>
	1,463
	<hr/>

Statement showing the number of posts abolished in the Dacca District of the Eastern Bengal Railway.

Department.	Staff retrenched.	
Traffic	{ Guards	2
	{ Station staff	45
	{ Goods and Transhipment staff	28
	{ Yard staff	3
	{ Menials	70
		<hr/>
		148
		<hr/>
Locomotive	{ Store Munshies	2
	{ Workshop staff	137
		<hr/>
		139
		<hr/>
Engineering	Sub-Inspectors of Works	2

Statement showing the number of permanent men discharged in the Dacca District of the Eastern Bengal Railway as a result of economy campaign from 1st January, 1931 to 30th June, 1931.

	1	2	Other employees.				Total.
			With less than one year's service.	With service of one year and over but less than three years.	With service of three years and over but less than ten years.	With service of ten years and over.	
		A. B. C. D.	A. B. C. D.	A. B. C. D.	A. B. C. D.	A. B. C. D.	
Traffic 14	.. .. 2 11	.. .. 2 10	.. 6 29 7	81
Engineering 3	.. .. 3	.. .. .	.. .. 1	7
Locomotives 1 ..	.. .. 1 15	.. .. 5 24	1 3 48 39	137
Total 1 17	.. .. 3 29	.. .. 7 34	1 9 77 47	225

A.—Denotes subordinates on scale of pay rising to Rs. 250 and over.

B.—Rs. 100 and over but less than Rs. 250.

C.—Rs. 30 but less than Rs. 100.

D.—Less than Rs. 30.

No. 683-E.G.

GOVERNMENT OF INDIA.

RAILWAY DEPARTMENT.

(RAILWAY BOARD.)

New Delhi, dated the 3rd March 1931.

To

THE AGENT,

BURMA RAILWAYS.

EAST INDIAN RAILWAY.

EASTERN BENGAL RAILWAY.

GREAT INDIAN PENINSULA RAILWAY.

NORTH WESTERN RAILWAY.

Reduction in staff.

DEAR SIR,

I am directed to state that the Railway Board desire that the following general principles should be followed by State-managed Railways in carrying out reductions in staff as a result of the present economy campaign.

2. The main principle in selecting individuals for discharge should be to discharge men in the following order :—

- (a) those who are inefficient ;
- (b) those who are the least efficient ;
- (c) those who have short service. Among them permanent men should ordinarily be retained in preference to temporary employees but men who hold temporary appointments but who have completed 12 months' continuous service, should be regarded as having equal rights with permanent employees ;
- (d) those who are nearing the age of superannuation.

3. The Board also wish that all practical steps should be taken to see that the unfortunate necessity for reducing staff does not operate to the detriment of communities not at present adequately represented in railway services.

4. It may often happen in applying these principles that employees whose posts are abolished have a better claim to retention than others holding posts on a lower scale of pay. The latter would then make room for the former who should as an alternative to a discharge be offered employment in the lower posts.

5. With a view to eliminating all avoidable hardship, the Board desire :—

- (1) That an employee who in the circumstances explained in paragraph 4 is retained in a lower post will rank in seniority above men holding similar posts drawing the same rate of substantive pay as that allowed to him on reversion and will subject to continued efficiency be considered, when a suitable opportunity offers, for promotion to the class or grade in which he was formerly employed or to a post of equivalent or lower rank.

- (2) That employees discharged from the services on reduction of establishment should be granted all leave on full or average pay at their credit subject to a maximum of 4 months, provided that if such leave at their credit is less than one month, they should in lieu of it be allowed one month's pay in lieu of notice. When, under these orders, leave of not less than one month is granted, it should be made clear to the employee that his service will not be required on the termination of his leave and that he will not be entitled to a further notice of discharge or pay in lieu of such notice.

As an exception to the above, temporary staff engaged for seasonal traffic should on discharge to the extent such staff would be discharged under normal conditions be treated in respect of leave or notice pay under the existing procedure in force on your railway. When, however, owing to the present serious fall in traffic and the uncertainty whether the traffic prospects of the next busy season will be normal further reductions in the working strength of Transportation and Commercial staff are required to be made as a temporary measure, employees who are not required for duty may be allowed leave or notice pay as prescribed above or, when it is considered probable that a particular employee's services will again be required after a short time or at short notice, leave on half pay for such period as the Agent may deem reasonable but not exceeding 6 months irrespective of whether such leave is due or not. Provided that leave not due should in no case be sanctioned unless the conditions governing the grant of such leave are complied with.

- (3) That employees discharged under clause (c) of paragraph 2 should be borne on a common waiting list for the whole railway and be appointed to any suitable vacancy occurring on the railway in the future in preference to others. No outsider should, therefore, be appointed in any department, division, district or office of the railway so long as a suitable man is available from this waiting list or next after that from among the Great Indian Peninsula Railway strikers who are still out of employment. If an employee who was discharged is re-employed in a lower post, he should, subject to good work, be considered for promotion when a suitable opportunity offers to the class or grade in which he was formerly employed or to a post of an equivalent or lower rank. If, however, he refuses an offer of employment in a somewhat lower post with the prospect of recovering his former position after a time, he will be liable, at the discretion of the authority which offered him such post, to have his name removed from the waiting list.

- (4) When an employee who is retained in a lower post is subsequently promoted to his former grade under the provisions of clause (1) or when an employee who is discharged is subsequently employed in his former grade under the provisions of clause (3) due consideration should be paid to the length and character of his previous service in determining his pay on such promotion or employment.

6. The foregoing instructions are not intended to apply to:—

- (a) employees whose substantive pay at the time of discharge does not exceed Rs. 30 per mensem.

In respect of such employees the Agent of the Railway will determine the procedure to be followed, and

- (b) Workshop employees, including press employees, in respect of whom the Railway Board will issue separate instructions, as the conditions of their retention in the service are special.

Yours faithfully,

(Sd.) F. J. BLACKWOOD,

Secretary, Railway Board.

No. 683-E.G.

GOVERNMENT OF INDIA:

RAILWAY DEPARTMENT.

(RAILWAY BOARD.)

Dated New Delhi, the 3rd March, 1931.

To

THE AGENT,

ASSAM-BENGAL RAILWAY.

BOMBAY, BARODA AND CENTRAL INDIA RAILWAY.

MADRAS AND SOUTHERN MAHRATTA RAILWAY.

SOUTH INDIAN RAILWAY.

BENGAL NAGPUR RAILWAY.

BENGAL AND NORTH WESTERN RAILWAY.

ROHILKUND AND KUMAON RAILWAY.

DEAR SIR,

I am directed to forward, herewith, a copy of the Railway Board's letter No. 683-E.G. dated 3rd March, 1931, which states the principles which the Railway Board have laid down for State-managed Railways in carrying out reductions in staff as a result of the present economy campaign.

Yours faithfully,

(Sd.) J. F. BLACKWOOD,

Secretary, Railway Board.

D. A.—Copy of letter referred to.

No. 683-E.G.

GOVERNMENT OF INDIA.

RAILWAY DEPARTMENT.

(RAILWAY BOARD.)

Dated New Delhi, the 6th March, 1931.

To

THE AGENT,

BURMA RAILWAYS.

EAST INDIAN RAILWAY.

EASTERN BENGAL RAILWAY.

GREAT INDIAN PENINSULA RAILWAY.

NORTH WESTERN RAILWAY.

Reduction in Workshop Staff.

DEAR SIR,

I am directed to state that the Railway Board desire that the following principles should be followed by State-managed Railways in carrying out reductions in Workshops staff as a result of the present economy campaign.

2. Individuals should be selected for discharge in the following order :—

- (a) those who are inefficient ;
- (b) those who are the least efficient ;
- (c) those who have short service. Among them permanent men should ordinarily be retained in preference to temporary employees ;
- (d) those who are nearing the age of superannuation.

These principles should be applied separately for each distinct category in order that the strength of each category shall not be in excess of actual requirements.

3. The Board also wish that all practical steps should be taken to see that the unfortunate necessity for reducing staff does not operate to the detriment of communities not at present adequately represented in railway services.

4. It may often happen in applying these principles that employees whose posts are abolished have a better claim to retention than others holding posts on a lower scale of pay. The latter would then make room for the former who should as an alternative to a discharge be offered employment in the lower posts.

5. The Board desire that Workshop employees discharged from the service in consequence of retrenchment should be granted one month's pay in lieu of notice. Those who have completed 3 years' service should be allowed in addition a bonus equal to the leave-salary which they would draw if they were given leave on full pay due to them, subject to a minimum of half a month's pay and a maximum of 20 days' pay. I am directed to convey the sanction of the Governor General in Council to the payments involved. Leave should not be granted to Workshop employees discharged from the service.

6. As an exception to the above, temporary staff engaged for special jobs or otherwise should on discharge to the extent such staff would be discharged under normal conditions be treated in respect of leave or notice pay under the existing procedure in force on your railway, provided that such treatment does not in any case result in a temporary employee being given privileges exceeding in monetary value those that would accrue to him under the provisions of paragraph 5.

Yours faithfully,

(Sd.) J. F. BLACKWOOD,

Secretary, Railway Board.

No. 683-E.G., dated the 6th March, 1931.

Copy forwarded for information to the Chief Accounts Officers, Burma, East Indian, Eastern Bengal, Great Indian Peninsula and North Western Railways and Director of Railway Audit (with 5 spare copies).

(Sd.) T. K. NANA RAO,

for Financial Commissioner of Railways.

No. 683-E.G. Pt.

GOVERNMENT OF INDIA.

RAILWAY DEPARTMENT.

(RAILWAY BOARD.)

Dated New Delhi, the 6th March, 1931.

To

THE AGENT,

ASSAM BENGAL RAILWAY.

BENGAL NAGPUR RAILWAY.

BENGAL AND NORTH WESTERN RAILWAY.

BOMBAY, BARODA AND CENTRAL INDIA RAILWAY.

MADRAS AND SOUTHERN MAHRATTA RAILWAY.

ROHILKUND AND KUMAON RAILWAY.

SOUTH INDIAN RAILWAY.

DEAR SIR,

I am directed to forward, herewith, a copy of the Railway Board's letter No. 683-E.G., dated the 6th March, 1931, which states the principles which the Railway Board have laid down for State-managed Railways in carrying out reductions in workshop staff as a result of the present economy campaign.

Yours faithfully,

(Sd.) J. F. BLACKWOOD,

Secretary, Railway Board.

D. A.—Copy of letter referred to.

HOURS OF WORK OF RAILWAY SERVANTS.

7. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE:

1. Will Government be pleased to state the number of hours for which a continuous railway servant works ?

2. Will Government be pleased to state the number of hours for which an intermittent railway officer works ?

3. Will Government be pleased to state the maximum number of hours fixed for the railway workers by the League of Nations at Geneva ?

4. Will Government be pleased to state if the Geneva regulations in regard to the conditions of labour on the Railways are being observed ?

5. If not, why not ?

THE HONOURABLE MR. J. C. B. DRAKE: 1. According to the Indian Railways (Amendment) Act, 1930, a railway servant, other than one whose employment is essentially intermittent, is, subject to certain exceptions, not permitted to be employed for more than 60 hours a week on the average in any month. In actual practice on the North Western and East Indian Rail-

ways, to which Railways the Act has been applied, about 30 per cent. of such servants are not employed for more than 48 hours a week, while a further 30 per cent. are not employed for more than 54 hours a week.

2. According to the Indian Railways (Amendment) Act, 1930, a railway servant whose employment is essentially intermittent is subject to certain exceptions, not permitted to be employed for more than 84 hours in any week.

3. The Washington (Hours of Work) Convention adopted by the International Labour Conference lays down for British India the principle of a 60-hour week. Its application to Railways is limited to such branches of railway work as may be specified by the competent authority.

4 and 5. The provisions of the Indian Railways (Amendment) Act, 1930, in the matter of the grant of weekly rest to railway servants, are being strictly applied on the North Western and East Indian Railways and to an increasing extent on other Class I Railways. The Indian Railways (Amendment) Act, 1930, and the Railway Servants' Hours of Employment. Rules, 1931, will be applied to other railways as quickly as financial circumstances permit.

DEVELOPMENT OF HORTICULTURE.

8. THE HONOURABLE MR. JAGADISH [CHANDRA BANERJEE :

1. Will Government be pleased to state what they have done to develop Horticulture in India ?

2. Is it a fact that the Bengal Government has put up a scheme to the Imperial Council of Agricultural Research for the development of Horticulture in Bengal ?

3. Will Government be pleased to lay on the table a copy of that scheme ?

THE HONOURABLE MR. R. LITTLEHAILES: 1. The Imperial Council of Agricultural Research has recently appointed a Fruit Committee to sift schemes of fruit research for all-India and to make proposals. The Committee will meet during the next session of the Advisory Board of the Imperial Council of Agricultural Research to be held about January, 1932.

2 and 3. Yes. A copy each of the two schemes received from the Government of Bengal is placed on the table.

Proposal for the appointment of a Horticultural Officer in Bengal.

For several years the Bengal Agricultural Department has been endeavouring to develop fruit culture in the Darjeeling district. Owing to shortage of funds this work has necessarily been limited but, even so, the results obtained have indicated that fruit culture in the district has a promising future. Varieties of oranges and pineapples introduced have not only been taken up by local cultivators, but are to be found in the neighbouring states of Sikkim and Bhutan. The cultivation of peaches and plums is extending, whilst a pear, one of many introduced, is bearing high class fruit.

It is now proposed that a Horticultural Officer be appointed to determine the kinds and varieties suited to the Eastern Himalayas, and to investigate problems of shoot and root pruning, manuring, propagation, etc.

Land and office accommodation is available on the Kalimpong Farm.

It is proposed that the pay of officer should be Rs. 250—20—330 per mensem with a Field Assistant on Rs. 50—2/8—60 per mensem. There will be no initial expenditure.

The recurring cost will be—

	First year. Rs.	Second year. Rs.	Third year. Rs.	Fourth year. Rs.	Fifth year. Rs.
Horticultural Officer ..	3,000	3,240	3,480	3,720	3,960
Field Assistant	600	630	660	690	720
Peon	180	180	180	180	180
Chemicals and apparatus ..	100	100	100	100	100
Seeds, manures and implements	2,500	2,500	2,500	2,500	2,500
Labour	720	720	720	720	720
Travelling allowance ..	1,000	1,000	1,000	1,000	1,000
	8,100	8,370	8,640	8,910	9,180

Rs. 43,200

RAMNA (DACCA).

ROBERT S. FINLOW.

The 16th April, 1931.

Proposal for the establishment of a Horticultural Station on the plains of Bengal.

The Royal Commission on Agriculture emphasised the great importance of research on fruit in India because fruit, whether grown on an orchard basis or as a subsidiary crop, is a potential source of revenue to the cultivator.

A scheme for the establishment of a Horticultural Station on the plains of Bengal was submitted to and approved by the Government of Bengal as long ago as 1922, but owing to lack of funds it has never been possible to commence work.

The districts of Malda, Murshidabad and Nadia are famous for mangoes and litchis. There are numbers of varieties, some with local reputation whilst others are known all over India. It is desirable not only to examine these varieties with a view to determining their value from the point of view of palatability and yield but to experiment on methods of culture including cultivation, pruning and propagation.

Apart from mangoes and litchis, there is great scope for the introduction of improved types of guavas, custard apples, mangosteens, citrus fruits, etc. Owing to financial stringency the Government of Bengal is unable to allot funds for the development of fruit culture and it is hoped that the scheme may be subsidised by the Imperial Council.

It is proposed that the station be in charge of an officer on Rs. 250—20—330 per mensem with a Field Assistant on Rs. 50—2/8—60 per mensem and a clerk on Rs. 30 per mensem. Provision is also made for peons and malis.

Land will be provided by the Government of Bengal at Krishnagar in the district of Nadia. The Government of Bengal is not, however, at present in a position to provide other capital expenditure. The Horticultural Officer and clerk can reside in the town of Krishnagar, but the Field Assistant must be resident on the station. Quarters must also be provided on the station for malis and coolies.

The estimated cost will be—

Non-recurring.

	Rs.
Laying out and fencing	5,000
Field laboratory and office	5,000
Quarters for Field Assistant	3,000
Quarters for malis, peons and coolies	2,400
Bullock shed	1,000
Pottery shed	250
Bullocks, six pairs	1,500
Implements and apparatus	1,000
	19,150

			<i>Recurring.</i>				
			First year.	Second year.	Third year.	Fourth year.	Fifth year.
			Rs.	Rs.	Rs.	Rs.	Rs.
Horticultural Officer	..		3,000	3,240	3,480	3,720	3,960
Field Assistant	..	..	600	630	660	690	720
Clerk	..	..	360	360	360	360	360
House rent—							
Horticultural Officer	..		300	300	300	300	300
Clerk	..	..	60	60	60	60	60
2 Peons	..	..	312	312	312	312	312
4 Malis	..	..	720	720	720	720	720
Labour	..	..	960	960	960	960	960
Feed of cattle	..	..	1,500	1,500	1,500	1,500	1,500
Contingencies	..	..	1,000	1,000	1,000	1,000	1,000
Travelling allowance	..		1,000	1,000	1,000	1,000	1,000
			9,812	10,082	10,352	10,622	10,892

Rs. 51,760

ROBERT S. FINLOW.

RAMNA (DACCA),

The 16th April, 1931.

APPOINTMENT OF A TOBACCO EXPERT.

9. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE:

1. What are the functions and personnel of the Imperial Council of Agricultural Research?

2. What agricultural schemes has this Council advanced during the year 1929-30 and with what result?

3. Is it a fact that this Council has been considering the desirability of appointing a tobacco expert for the whole of India?

4. If so, will Government state the functions of this officer and where it is intended to post him?

THE HONOURABLE MR. R. LITTLEHAILES: The functions of the Imperial Council of Agricultural Research are set out in paragraph 2 of its Memorandum of Association, an extract of which is placed on the table. The Council consists of two parts, namely, the Governing Body and the Advisory Board. A list showing the personnel of each part is laid on the table.

2. A statement showing the agricultural schemes sanctioned by the Imperial Council of Agricultural Research during 1929-30, with information as to the results, is placed on the table.

3 and 4. A scheme has been received from the Government of Bengal recommending *inter alia* the appointment of a cigar-curing and blending expert for India generally and specially for Madras, Bengal and Burma. The scheme

was considered by the Advisory Board of the Council at its meeting held in June last and one of the points discussed was the province in which the expert, if appointed, should be stationed. No decision has yet been taken ; as other provinces are also interested in tobacco research they have been invited to submit similar schemes and on receipt of them the question of framing a co-ordinated scheme for all-India will be considered.

Memorandum of Association of the Imperial Council of Agricultural Research.

* * * * *

2. The objects for which the Imperial Council of Agricultural Research is established are :—

- (a) To aid, develop and co-ordinate agricultural and veterinary research in India by promoting scientific (including technological research), instruction and experiments in the science, methods and practice of agriculture (including the marketing of agricultural produce) and by promoting veterinary research and instruction in veterinary science, by the diffusion of useful information and by such other means as appear calculated to develop agricultural and veterinary research.
- (b) To act as a clearing house of information not only in regard to research but also in regard to agricultural and veterinary matters generally.
- (c) For the purposes of the Society to draw and accept and make and endorse discount and negotiate Government of India and other promissory notes, bills of exchange, cheques or other negotiable instruments.
- (d) To invest the funds of, or money entrusted to, the Society upon such securities or in such manner as may from time to time be determined by the Governing Body and from time to time to sell or transpose such investments.
- (e) To purchase, take on lease, accept as a gift or otherwise acquire, any land or building, wherever situate in India, which may be necessary or convenient for the Society.
- (f) To construct or alter any building which may be necessary for the Society.
- (g) To sell, lease, exchange and otherwise transfer all or any portion of the properties of the Society.
- (h) To establish and maintain a research and reference library in pursuance of the objects of the Society with reading and writing rooms and to furnish the same with books, reviews, magazines, newspapers and other publications.
- (i) To do all other such things as the Society may consider necessary, incidental or conducive to the attainment of the above objects.

IMPERIAL COUNCIL OF AGRICULTURAL RESEARCH.

The Governing Body.

1. The Honourable Member of the Council of His Excellency the Governor General for the time being in charge of the portfolio of Agriculture. *Chairman (ex-officio).*
2. The Principal Administrative Officer of the Council nominated by the Government of India. *Vice-Chairman (ex-officio).*

The Ministers of Agriculture for the time being or the members of the Governor's Executive Council in charge for the time being of the portfolio of Agriculture in

3. Madras.
4. Bombay.
5. Bengal.
6. United Provinces.
7. The Punjab.

8. Burma.
9. Bihar and Orissa.
10. The Central Provinces.
11. Assam.
12. The Honourable Sir Frank Noyce, Kt., C.S.I., C.B.E., I.C.S., Secretary to the Government of India, Department of Education, Health and Lands.
- 13.* A member elected by the Council of State.
Two members elected by the Legislative Assembly.
14. } Maulvi Muhammad Shafee Daoodi, M.L.A.
15. } Lala Hari Raj Swarup, M.L.A.
16. Sir Joseph Kay, Kt., Representative of the Associated Chambers of Commerce of India and Ceylon.
17. Walchand Hirachand, Esquire, Representative of the Federation of Indian Chambers of Commerce and Industry.
Two members of the Advisory Board elected by the Board.
18. } K. Hewlett, Esq., O.B.E., Principal, Veterinary College, Bombay.
19. } P. H. Carpenter, Esq., Chief Scientific Officer, Indian Tea Association, Tocklai, Assam.
20. The Revenue Member of His Exalted Highness the Nizam's Executive Council, Hyderabad, Deccan.
21. The Member in charge of Agriculture, Mysore Executive Council, Bangalore.
Mr. M. S. A. Hydari, I.C.S., Secretary.

The Advisory Board.

1. The Vice-Chairman, Imperial Council of Agricultural Research. (*Chairman*).
2. The Agricultural Expert, Imperial Council of Agricultural Research.
3. The Animal Husbandry Expert, Imperial Council of Agricultural Research.
4. The Director, Imperial Institute of Agricultural Research, Pusa.
5. The Director, Imperial Institute of Veterinary Research, Muktesar.
6. The Director, Indian Institute of Science, Bangalore.
7. The Director of Agriculture, Madras.
8. The Director of Agriculture, Bombay.
9. The Director of Agriculture, Bengal.
10. The Director of Agriculture, United Provinces.
11. The Director of Agriculture, Punjab.
12. The Director of Agriculture, Burma.
13. The Director of Agriculture, Bihar and Orissa.
14. The Director of Agriculture, Central Provinces.
15. The Director of Agriculture, Assam.
16. The Director of Veterinary Services, Madras.
17. K. Hewlett, Esq., O.B.E., Principal, Veterinary College, Bombay.
18. The Director, Civil Veterinary Department, Bengal.

* The Council of State has been asked to elect a representative *vice* the Honourable Sir C. P. Ramaswami Ayyar, K.C.I.E., who ceased to be a member of the Governing Body on his ceasing to be a member of the Council of State.



19. The Director, Civil Veterinary Department, United Provinces.
 20. The Director of Veterinary Services, Punjab.
 21. The Director of Veterinary Services, Burma.
 22. The Director of Civil Veterinary Department, Bihar and Orissa.
 23. The Director of Veterinary Services, Central Provinces.
 24. The Superintendent, Civil Veterinary Department, Assam.
 25. W. Robertson-Brown, Esq., Agricultural Officer, North West Frontier Province, representing minor administrations under the Government of India.
 26. A. D. Blascheck, Esq., Inspector General of Forests, Dehra Dun, representing Forest Research Institute, Dehra Dun.
 27. G. K. Devadhar, Esq., M.A., C.I.E., Representative of the Co-operative Movement.
 28. The Secretary, Indian Research Fund Association (representative of the Indian Research Fund Association).
 29. Dr. N. N. Gangulee, B.Sc., Ph.D., C.I.E., Khaira, Professor of Agriculture, Calcutta University.
 - *30. *Vacant.*
 31. C. T. Mudaliyar, Esq., F. L. S.
 32. Dr. L. K. Hyder, B. A., Ph.D., Professor of Economics, Aligarh Muslim University, Aligarh.
- } Representatives of the Inter-University Board, India.
33. P. H. Carpenter, Esq., Chief Scientific Officer, Indian Tea Association, Tocklai, Assam (representative of the Indian Tea Association and the United Planters' Association of Southern India).
 34. S. D. Saklatwala, Esq., Vice-President, Indian Central Cotton Committee, Bombay (representative of the Indian Central Cotton Committee).
 35. The Director of Veterinary Services in India, Simla.
 36. The Chief Publicity Officer, Indian State Railways.
 37. S. M. A. Shah, Esq., Superintendent, Civil Veterinary Department, North West Frontier Province, Peshawar.
 38. The Chief Agricultural Officer, Sind.
 39. The Director of Agriculture, His Exalted Highness the Nizam's Government, Hyderabad, Deccan.
 40. The Director of Veterinary Department, His Exalted Highness the Nizam's Government, Hyderabad Deccan.
 41. The Director of Agriculture, Mysore State, Bangalore.
 42. The Superintendent, Civil Veterinary Department, Mysore State, Bangalore.
- Mr. M. S. A. Hydari, I.C.S., Secretary.

Statement of the agricultural schemes sanctioned by the Imperial Council of Agricultural Research during the year 1929-30 with information as to results.

	Rs.
(i) Grant to Shahjahanpur Research Station for a detailed examination of new seedling canes	6,000
(ii) Grants of Rs. 8,000 each to United Provinces, Bihar and Orissa and Punjab for experiments in the designing of a satisfactory small power sugarcane crushing mill.	

* Steps are being taken to fill up the vacancy.

- (iii) Grant to Deccan University for research work on the Mechanical analysis of soils and for investigations on the assimilation of nitrogen by the rice plant 24,000
(3 years).
- (iv) Grant to Dr. K. C. Mehta, Professor of Botany, Agra College, Agra, for investigation of the cereal rusts of wheat and barley 45,000
(3 years).
- (v) Grant to the Harcourt Butler Technological Institute, Cawnpore, Rs. 1,25,000 (non-recurring) for the provision of an experimental sugar plant at the Institute and Rs. 20,000 per annum recurring for 5 years for the maintenance of the plant 2,25,000
(5 years).
- (vi) Deputation of a Chemist to Bhopal to test Khan Bahadur Hadi's open pan process of manufacturing sugar 1,500
- (vii) Grant to Professor P. Parija, Ravenshaw College, Cuttack, for research work on water Hyacinth 5,826-6-0

Schemes Nos. (i) and (ii) though sanctioned by the Council in 1929-30 were actually commenced in 1930-31 and reports on the results thereof are awaited. Those numbered (iii), (iv) and (v) extend over a period of years and are still in progress. It is, therefore, premature to say anything about their results. As regards item (vi) the Chemist's report has been received and the results obtained have also been tested under commercial conditions at Bilari. The report on the latter tests is under consideration. Lastly, in regard to item (vii) an interim report has been received which shows that further investigation is necessary before final conclusions can be arrived at; it has, therefore, been decided to continue the work for another year.

GRANT BY THE IMPERIAL COUNCIL OF AGRICULTURAL RESEARCH TO THE DACCA UNIVERSITY FOR AGRICULTURAL RESEARCH.

10. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE:

1. Is it a fact that the Imperial Council of Agricultural Research has granted a lump sum of money to the Dacca University for agricultural research?

2. Will Government be pleased to state the amount of this sum?

3. Will Government be pleased to make a statement as to the work already done in this connection by the Dacca University?

4. Is it a fact that the Dacca University has asked for a fresh grant on the subject from the Imperial Council of Agricultural Research?

THE HONOURABLE MR. R. LITTLEHAILES: 1. and 2. Yes. The Imperial Council granted the Dacca University in 1930 a sum of Rs. 24,000 spread over a period of five years on account of staff and Rs. 6,518 on account of apparatus, etc.

3. A copy of the report of the Agricultural Research Section of the Department of Chemistry, Dacca University, for the year 1930-31 is laid on the table.

4. Yes.

Report of the Agricultural Research Section of the Department of Chemistry, Dacca University, for the year ending the 31st March, 1931.

DETAILED REPORT.

General.—I joined my appointment on 1st June, 1930. The Senior Assistant Mr. P. K. De and the Junior Assistant Mr. J. N. Chakraborty joined their respective appointments on 11th August, 1930.

On 25th May, 1930, i.e., before I actually joined my appointment, I submitted a list of apparatus to the Head of the Department of Chemistry for favour of transmission to the Imperial Council of Agricultural Research through the Provincial Research Committee for approval and sanction of necessary cost. The list was approved by the Provincial Committee and finally by the Imperial Council with some modifications. Unfortunately however the University did not receive the money for making necessary purchases until December 1930. The progress of work during the period under review was therefore greatly hampered for want of apparatus, etc., and also for want of a pot culture house. It may be mentioned here that during the first two months I had to go to Tejgaon to work in the Government Research Laboratory since no proper facilities for the type of work needed to be carried out were available here. After the Assistants were appointed in August, work was begun in this laboratory. Some fittings had to be made in the laboratory during the month of October which took over three weeks. This impeded the progress of work considerably. Again the want of a fume cupboard where Kjeldahl digestions could be carried out satisfactorily was felt from the very beginning and it was after the receipt of grant from the Imperial Council of Agricultural Research that I could find money for the construction of a proper cupboard which has just been completed. A pot culture house is also on its way to completion now. Orders for apparatus necessary for our works have been placed soon after the receipt of the grant from the Research Council. When these have arrived the progress of work is expected to be more rapid. I should like to mention here that we want another room very badly. At present there is not even enough space for our ordinary routine works and consequently it will be impossible to find room to work with the microscope, incubator and other apparatus which are expected shortly.

A note on the lines of work which this section proposed to follow was drawn up and shown to the Director of Agriculture, Bengal, for criticism, who fully approved it. A summary of this note was forwarded to the Registrar of the University for favour of communication to the Imperial Council of Agricultural Research in August 1930.

In conclusion, I want to express my thanks to Messrs. Finlow and Carbery, the Director of Agriculture and the Agricultural Chemist, Bengal, for trying to help me in every possible way whenever I approached them for advice, for experimental plots to be placed at my disposal or for the purpose of borrowing apparatus, etc.

ASHUTOSH SEN,

Research Fellow in Agricultural Chemistry, Dacca University.

The 4th April, 1931.

Details of work done by Dr. A. T. Sen, Research Fellow in Agricultural Chemistry, Dacca University, in collaboration with Messrs. P. K. De and J. N. Chakraborty, Senior and Junior Assistants.

1.—Mechanical Analysis of Lateritic Soils.

It was proposed to try at first a few existing methods of mechanical analysis on a number of lateritic soils with a view to find which gave the maximum dispersion without being drastic and without consuming undue time and labour. On the existing methods the one revised by A. E. A. (England) in 1928 now known as the International pipette method has been very widely adopted. The dispersion of soil in this method is effected by a preliminary treatment with H_2O_2 to remove organic matter followed by an acid treatment to destroy carbonates and finally by shaking a suspension of the treated soil made alkaline by ammonia. Since tropical soils contained very little organic matter, it has been suggested by many that H_2O_2 treatment was unnecessary for such soils. The peroxide treatment has therefore been omitted while using this or other methods in this laboratory. A number of people, however, object even to the acid treatment and notably amongst them are Dr. Joseph and Dr. Puri who advocate the use of Na_2CO_3 and $NaCl$ (with little $NaOH$) respectively as the dispersing agent. The clay in the soil is thus converted into Sodium clay which both these authors claim, and right so, to be far more easily dispersible than Ammonium clay. The two methods will be termed Na_2CO_3 and $NaCl$ methods.

As regards the division of soil into fractions the Atterburg scale has now been universally adopted which is as follows :—

Coarse sand 2.0 mm. to 0.2 mm.,

Fine sand 0.2 mm. to 0.02 mm., silt 0.02 mm. to 0.002 mm. and clay below 0.002 mm. This scale in grouping the fractions was also adopted in this laboratory.

In the International and NaCl methods the pipette technique is employed to obtain the silt and the clay fractions. Dr. Joseph, however, finds the technique unsuitable for Sudan soils which refuse to disperse completely at one operation. He, therefore, advocates the extraction of clay and silt by sedimentation. The repeated treatments involved in the latter process further disperse soil particles not fully dispersed in the first operation. But the principal objection to analysis by sedimentation is that it takes considerable time to be completed, so that unless it is found absolutely necessary the rapid pipette technique should be adopted wherever possible. When this work was going to be begun in this section, mechanical analyses of a few typical Bengal soils including a lateritic soil from Dacca were being conducted at the Agricultural Chemist's Laboratory at Dacca, using the 1906 sedimentation, the Na_2CO_3 sedimentation and the International pipette methods. Consequently it was decided to postpone the trial of Na_2CO_3 method until results of these analyses were available. Meanwhile analyses of a number of samples of Dacca soils were begun by the International and NaCl methods. The results of complete analysis of six of them are given on the next page.

It is evident from the table that in four out of six cases both methods gave equal amounts of clay while of the remaining two cases the International method gave once one per cent. more and once one per cent. less clay than that given by the NaCl method. Again, the average differences in the amounts of silt and fine sand obtained by the two methods are not very much larger than the standard errors. It is clear, therefore, that both methods dispersed the soil more or less to the same extent. There was of course some loss by solution as a result of acid treatment in the International method. This loss was found to average at 1.3 per cent. for the above samples. If the average of the total percentages of the various fractions (last column) obtained by the two methods is calculated, it will be found to be 96.1 per cent. for the International and 97.3 per cent. for the NaCl method respectively. The lower value for the International method is obviously due to the loss by solution. Apart from the defects the International method appears to be as suitable as the NaCl method for Dacca soils.

TABLE I.

Various fractions as percentages of air-dry soil by the International and NaCl methods.

Sample from—	Clay.		Silt.		Fine sand.		Coarse sand.		Total.	
	Inter.	NaCl.	Inter.	NaCl.	Inter.	NaCl.	Inter.	NaCl.	Inter.	NaCl.
1. Khoskhana, Dacca	22.3	22.3	31.5	31.7	38.2	36.1	2.8	3.3	94.8	93.8
2. Ditto ..	24.3	24.2	32.2	33.8	36.0	36.1	2.7	2.9	95.2	97.0
3. Ditto ..	25.3	25.4	31.4	33.4	35.9	36.2	2.8	3.1	95.4	98.0
4. N. Hazi, Dacca	18.4	17.4	27.6	31.3	38.2	36.8	10.4	11.3	94.6	96.8
5. Ditto ..	18.4	18.8	32.7	34.1	38.1	36.5	9.6	9.8	98.8	99.2
6. Ditto ..	16.9	18.2	32.8	32.5	37.7	37.7	10.5	11.0	97.9	99.4
Average difference between International and NaCl results ..	0.45		1.35		1.09		0.43			
Standard error ..	±0.62		±1.01		±0.71		±0.19			

To avoid fluctuations in temperature effecting the results a thickwalled air-tight wooden box was used in which the suspensions were allowed to stand for the requisite number of hours before clay fractions were pipetted. When the room temperature changed by 5 degrees the temperature inside the box altered by less than one degree. The slight variation in temperature did not affect the result. This was because 70 per cent. of the clay in the Dacca soils have diameters below .001 mm. Further, a longer period of shaking in the International method and also 24 hours' shaking in the NaCl method were employed without consequent gain in the amounts of clay and the silt fractions. Obviously the maximum amount of dispersion possible by either method was obtained by the prescribed treatment for each.

Next complete analyses of 18 samples of lateritic soils and sub-soils from the districts of Sonthal Parganas and Hazaribagh in Bihar were made using the NaCl method. Most of these samples were taken from paddy fields but one sample was collected near the side of a hill where laterisation had taken place *in situ* and the granulated structure of the soil so common to laterites was clearly evident. After examination of the results of analysis, four samples were selected which were considered typical of the different parts of the two lateritic districts. These four samples were then analysed again by the International and the Na_2CO_3 methods using the pipette technique in the latter case. Since Na_2CO_3 would come into the clay fraction, the theoretical amount of Na_2CO_3 present in 20 c.c. of the pipetted volume was deducted from the weight of the evaporated amount to give the actual weight of clay. An error is introduced in this way since the H ions exchanged for Na ions will cause some loss of carbonic acid during evaporation. This loss, however, is small and therefore negligible in the case of lateritic soils. Besides the International and Na_2CO_3 methods, a new method which will be termed NaOH method was tried. In this method 10 c.c. of N/10 NaOH were added to a suspension of 20 gms. of soil in 100 c.c. water (about 7 to 8 c.c. were found to make the suspension alkaline to phenolphthalein). The mixture was stirred by means of a glass rod for about 5 minutes and then transferred into a stoppered bottle and shaken overnight with about 500 c.c. of water. The suspension was then made up to two litres after separating the coarse sand and the usual pipette technique was adopted. If in the Na_2CO_3 and NaCl methods the primary intention was to convert the clay into Sodium clay, the NaOH method would very likely do the same. As a start treatment with stronger concentrations of NaOH was avoided for obvious reasons. The concentration used was the same as that in the NaCl method where NaOH is added after removing the excess salt by washing. In the NaOH method, therefore, two operations are saved, *viz.*, the treatment with NaCl and the subsequent washing of excess salt for which extra care has to be taken especially towards the end to avoid peptisation. In addition to the four Bihar soils, two Dacca soils were analysed by the Na_2CO_3 and NaOH methods. Complete analyses were made in all cases in order to check the figures for the clay and the silt fractions by finding the total. The clay and silt fractions are given on the next page.

It is evident from the figures that the NaOH method failed to disperse the soil to the same extent as did the International or the NaCl method. Probably the amount of alkali added (10 c.c. of N/10 NaOH) was too small to convert all the clay into Sodium clay. Further trial with the dispersion is now in progress using slightly higher concentrations of the alkali that will not unduly react with soil constituents effecting loss of silica by solution. It may be of interest to mention here that in the Technical communication No. 17 of the Imperial Bureau of Soil Science a copy of which has just reached this laboratory, one finds that Professor Robinson had proposed the use of NaOH in place of Ammonia in the International method. He observed that the method thus modified gave the best results. In this laboratory it was also thought at first to introduce this modification in the International method, but in view of the prevailing diverse opinion on the desirability of an acid treatment in the mechanical analysis of soils and also in view of the fact that cementing materials such as CaCO_3 are generally present in lateritic soils in very small quantities, it was decided to omit the acid treatment in the NaOH method. Professor Robinson, however, used NaOH eight times more than the quantity used to disperse the soil in the NaOH method.

TABLE II.

Clay and Silt as percentages of air-dry soil obtained by different methods.

Soil from—	Percentage of clay by—				Percentage of silt by—			
	Inter.	NaCl.	Na ₂ CO ₃	NaOH.	Inter.	NaCl.	Na ₂ CO ₃	NaOH.
1. Khoskhana Dacca	25·3	25·4	22·0	21·4	31·4	33·4	36·4	38·1
2. N. Hazi, Dacca ..	18·4	18·8	15·8	16·7	32·7	34·1	37·7	37·5
3. Giridih 1, Hazari-bagh.	21·2	21·8	14·4	17·2	8·2	9·5	14·5	13·4
4. Giridih 5, Hazari-bagh.	30·3	35·0	26·9	29·4	12·5	11·6	16·1	14·5
5. Deoghar 11, S. P.	21·1	21·3	18·8	19·8	15·3	16·9	18·4	17·8
6. Deoghar 15, S. P.	29·2	31·1	27·1	29·1	12·6	13·2	15·9	22·0

What, however, appears to be very striking in the results given in the preceding table is the fact that the dispersion effected by the Na₂CO₃ treatment was the minimum. The amount of Na₂CO₃ used was sufficiently large to convert the whole of the clay into sodium clay. Dr. Joseph's apprehension, therefore, regarding the maximum dispersion at one treatment appears to be justified. Accordingly analysis of the above soil samples are being made again by the Na₂CO₃ method but this time using the sedimentation technique.

In two out of the four Bihar soils more clay was obtained by the NaCl than by the International method. It is probable, therefore, that with different kinds of lateritic soils extent of dispersion by the two methods will be different. Attempt is being made to secure through the Director of Agriculture, Bengal, a number of samples of lateritic soils from all over India. When these have been received and various methods with modifications have been tried on them, it may be possible to suggest a method that would be suitable for all kinds of lateritic soils in India.

2.—The Problem of Nitrogen Supply to Rice Plants.

In an investigation of this kind it is essential to know first of all the cycle of changes that take place in the various nitrogen compounds in paddy fields. Accordingly estimations of total nitrogen, ammonia and nitrate in some of the rice fields in the Dacca Government Farm are being made at different periods from middle of June 1930 onwards.

Method of estimating total nitrogen in soil.

Kjeldahl method or one of its modifications is generally used when the soil contains no nitrogen. When nitrates are present in appreciable amounts precautions are taken to arrest the nitric acid which otherwise will volatilise away thus giving a lower value for

nitrogen. The following three known methods which give total nitrogen including nitrate have been tried and were found to be equally efficient :—

- (1) Combination of Ulches and Kjeldahl method as suggested by Bristol and Page.
- (2) Davisson and Parson's method.
- (3) Salicylic acid method, A. O. A. C.

In the salicylic acid method, thiosulphate has been found to be a more suitable reducing agent than zinc. Moreover, when zinc is used, and excess of alkali has to be added in subsequent operation to dissolve the precipitated $Zn(OH)_2$. Bal's modified method, viz., treating the soil with water to prevent the cementation of heavy particles during digestion was also tried but found to give no higher results, thus indicating that there is no possibility of soil particles being cemented during digestion in the case of Dacca soils.

But in the routine work with rice soils it has been found unnecessary to adopt any of the above methods, Kjeldahl and Gunning method giving equally good results. The reason for this is that rice soils contain no nitrate during the water-logged period and even in dry seasons (up till the writing up of this report) samples containing more than 4 p.p.m. of nitric nitrogen have not been found. Even if it is assumed that the whole of the nitric nitrogen is lost during digestion, the value for total nitrogen will be lowered by 4 p.p.m. thus giving an error which is very smaller than the error due to the inherent defects of the method. Of the three methods stated above, the first two are troublesome and laborious while salicylic acid method is the easiest, although the latter cannot arrest nitric acid quantitatively in presence of sufficient moisture. The salicylic acid method, however, was finally adopted as it arrests at least a part of nitric nitrogen and also because the digestion is quicker in this than in the Kjeldahl and Gunning method. Whether the rapidity in digestion is due to the catalytic action of sulphur formed or to the additional amount of SO_2 evolved by the action of H_2SO_4 on thiosulphate is not known at present. Work, however, is in progress to find an explanation for this. In case the nitric nitrogen increases afterwards, the method of determining total nitrogen will be modified accordingly.

Seasonal changes of total nitrogen in soil.

Three plots, [North Hazi-low, Khoskhana Bydc and South Ravina, were selected in the Government Farm at Dacca. All these plots are unmanured rice fields, the first two being cropped and the latter uncropped. Soil samples were brought periodically from the three plots for estimation of total nitrogen. Since the effect of air-drying on the nitrogen content of these soils was not known it was decided to determine total nitrogen both in the first samples and also when they were dried in air. In order to be able to get an idea of the possible error involved in the determination, the latter was always carried out in duplicate. From the differences between the duplicate results the standard error of experiment was calculated and found to be 12 p.p.m. for soils containing nitrogen from 900 p.p.m. to 1,500 p.p.m. of dry soil. By trial it was found that the sampling error was minimum when soils from three or more holes (0'·6") taken at random from the plot were mixed together. The difference between the nitrogen figures for two such composite samples taken on the same day from a plot was not greater than the difference between the duplicate figures of each sample. In spite of this two composite samples are being taken periodically from each of the above plots since that would enable the calculation of the error, if any, due to soil heterogeneity. In the following table the results of analysis of the fresh soil samples from the two cropped plots are given. In the third column of the table the gain of nitrogen in soil since the date of collection of the first sample is given as pounds per acre assuming that half acre foot of soil weighs two million pounds.

TABLE III.

Showing Seasonal Changes in the Nitrogen Content of Rice Fields.

N. Hazi low—Unmanured.

Date.	Total nitrogen in soil p.p.m.	Gain of N. in soil since 21-6-1930 as lbs. per acre.	Remarks.
21-6-1930 ..	925	..	
27-6-1930 ..	910	—30	Aman paddy transplanted on 12-7-1930.
11-9-1930 ..	1,086	322	
12-11-1930 ..	1,112	374	Ears of paddy appeared.
11-12-1930 ..	1,008	166	Paddy harvested on 17-12-1930.
9-1-1931 ..	1,016	182	
11-2-1931 ..	1,014	178	
6-3-1931 ..	1,020	190	

Khoskhana Byde—Unmanured.

21-6-1930 ..	1,400	..	
11-7-1930 ..	1,433	66	Aman paddy transplanted, 9-7-1930.
12-11-1930 ..	1,593	386	Ears of paddy appeared.
15-12-1930 ..	1,567	334	Paddy harvested on 15-12-1930.
16-1-1931 ..	1,543	286	
18-2-1931 ..	1,491	182	
30-3-1931 ..	1,507	214	

It is evident from the above table that the nitrogen content of soils increases considerably under crop, becomes maximum at about the time when the ears of the plants begin to appear and then decreases. Although at the time of writing up this report the total nitrogen in either plot is much higher than what it was in June last year, the content may yet come down during the next two and half months and ultimately become equal to the original amount.

This large gain of nitrogen in soil at time when a decrease would be expected owing to the removal of some nitrogen by the crop is rather striking. From the yields of the plots (which were about 33 maunds of dressed grain per acre), it can be shown that the total amount of nitrogen present in one acre's entire crop (grain and straw) was about 50 lbs. Even if all of this nitrogen came from the soil, the amount would be quite small in comparison with the gain and loss in nitrogen which the soil sustains in the course of one year. Probably this explains why by growing rice year after year for centuries without adding any manure to the soil it has not been possible to deplete the latter of its nitrogen content.

It is difficult to suggest at the moment the cause for the observed gain in nitrogen. The figures in the above table tend to indicate that the crop itself has something to do with the gain, otherwise the latter would not stop so abruptly as soon as the crop matured. If that is so, the results obtained at Pusa claiming the presence of an anaerobic bacteria in paddy roots capable of fixing atmospheric nitrogen appear to be well supported. But there are also other possibilities of fixation in these soils. Unfortunately by the time this laboratory was brought into proper working condition, last year's rice season was over. Moreover, for want of apparatus biological works cannot yet be taken up in hands. It is

expected, however, that this part of the problem will be thrashed out more fully during the coming season.

The uncropped plot South Ravina had to be rejected after periodic determinations of nitrogen were continued for a few months owing to the discovery of bad patches of soil in the plot having extremely variable composition. Another plot in East Ravina has been selected in its place. This plot is divided into two portions one of which is being kept fallow and the other will be cropped in due course.

Effect of air-drying.

In the course of the periodic determinations of total nitrogen it was found that the nitrogen content of soil samples changed irregularly when air-dried. In the following table some of the results obtained are given :—

TABLE IV.

Showing the changes in the nitrogen content of soil samples when air-dried.

Soil samples from—	Moisture in fresh sample.	Total nitrogen in—		Difference p.p.m.
		Fresh samples p.p.m.	Air-dried samples p.p.m.	
1. N. Hazi low	27.0	925	962	37
2. Ditto	20.8	1,112	1,157	45
3. Ditto	18.8	1,008	996	—12
4. Ditto	11.5	1,016	1,032	16
5. Ditto	10.2	1,014	1,000	—14
6. Ditto	16.4	1,020	997	—23
7. Khoskhana Byde	33.3	1,369	1,322	—47
8. Ditto	38.8	1,400	1,334	—66
9. Ditto	39.4	1,433	1,400	—33
10. Ditto	43.4	1,593	1,435	—158
11. Ditto	40.5	1,567	1,529	—38
12. Ditto	33.3	1,543	1,510	—33

It is clear from the above figures that during the process of drying certain changes take place in soil conditions involving loss or gain of total nitrogen. Attempt is being made to find out the cause for these changes. The work is of obvious importance since rice fields become practically air-dried in Summer.

Seasonal changes of nitrate and ammonia in soil.

Both Nitrate and Ammonia (free and saline) were determined in the fresh soil samples which were collected periodically for the estimation of total nitrogen. For nitrate Phenoldisulphonic acid method was used and for ammonia McLean and Robinson's method was followed.

The nitrate in soil decreased as soon as water was admitted into the field and practically disappeared when the latter remained submerged for a few days. The reappearance of nitrate took place only after the surface soil had begun to dry up but the accumulation was never large. Up till now (*i.e.*, March) maximum amount of nitric nitrogen in the plots under investigation has not been found to be more than 4 p.p.m. of dry soil. Unless considerable amount of nitrate is formed during the next two months, it appears that the leaching of nitrate is not a factor in the annual loss of nitrogen in the two plots.

On the other hand ammonia was found to increase when the plots remained submerged in water and to disappear gradually as the soil dried up. During the water logging period an average of 15 p.p.m. of ammoniacal nitrogen was present in the soil. The amount has now come down to 5 p.p.m.

From the figures for nitrate and ammonia in the soil, it appears that ammonia is the principal substance from which the rice plants derive their supply of nitrogen. The mechanism of the production of ammonia in water-logged soils is not yet fully understood but a recent work attributes it to the action of an enzyme (deaminase) of the microflora of the soil. Studies in this direction, therefore, appear to be profitable and will be undertaken in this laboratory in due course.

3.—Water Culture Experiments.

These experiments were carried out in the premises of the laboratory building as a separate pot culture house was not available. The results must therefore be considered as provisional. These experiments will be repeated in the pot culture house which has just been completed and it is hoped that more accurate data will be submitted in the next year's report.

Influence of reaction on the growth of paddy.

Complete nutrient solution, consisting of a mixture of $\text{Ca}(\text{NO}_3)_2$, KH_2PO_4 , MgSO_4 , was prepared using fractional gram equivalent of the substances so as to give one atmosphere osmotic pressure. The PH of this solution was 4.6. Other PH's with the solution were obtained by adding different quantities of normal KOH solution and in order that equal amount of potash was present in all, requisite amounts of normal K_2SO_4 solution were added to compensate the deficiency. Solutions having the PH's 4.6, 5.7, 6.2, 7.0 and 8.5 were prepared and taken into two-litre glass jars, two for each PH. Rice plants (transplanted Aman paddy) which were 7—8 weeks old were brought from the field and grown in those solutions, one plant to each jar. 5 c.c. of 0.5 per cent. ferric citrate solution were added from time to time to keep in supply of iron adequate throughout. It was found that plants thrived best at PH 4.6. On the other hand it was also found that in solutions having PH greater than 4.6 some precipitation of calcium and magnesium phosphate took place. Consequently it remains undecided as to whether the best growth at PH 4.6 was due to the favourable influence of the reaction on the plant itself or to the fact that at this reaction more plant food was available. Further water experiments will be undertaken during the coming season to settle this point.

Plant food requirements of paddy.

The purpose of this investigation is to make a systematic study of the effect of all the principal food elements on the growth of paddy. The season for Aman paddy being over experiments were tried with Boro paddy using as a start the following nutrient solutions having one atmosphere osmotic pressure:—

- (1) Complete nutrient solutions KH_2PO_4 + $\text{Ca}(\text{NO}_3)_2$ + MgSO_4 + Fe + B + Mn.
- (2) No Iron solution " " " B + Mn.
- (3) No Boron + Manganese solution " " " Fe
- (4) No Ca, Mg + P solution .. NH_4NO_3 + K_2SO_4 + Fe + B Mn.
- (5) NH_4NO_3 for nitrogen .. KH_2PO_4 + NH_4NO_3 + MgSO_4 + CaSO_4 + Fe + B + Mn.
- (6) $(\text{NH}_4)_2\text{SO}_4$ for nitrogen .. The same as (5) but using $(\text{NH}_4)_2\text{SO}_4$ in place of NH_4NO_3 .

NOTE.—The concentrations of Boron and also of Manganese in the above solutions were 4 p. p. m.

Boro plants which were about 8 weeks old were brought from the field and placed in the above solutions contained in two-litre glass jars, two for each solution. Except in the no iron series 5 c. c. of 0.5 per cent. ferric citrate were added to the solutions from time to time to keep the supply of iron adequate throughout.

The following observations were made:—

- (1) There was fairly satisfactory growth of plants in all the jars except in the no iron and no Ca, Mg and P series.

(2) Plants in the no iron series showed distinct signs of iron deficiency after about two weeks and in the course of the next few weeks most of the leaves became chlorotic and half dead.

(3) Plants in the no Ca, Mg and P series did not thrive from the very beginning and developed no more roots than what they had when they were brought from the field.

(4) The growth of plants in no B and Mn series was as good as that in other complete nutrient solutions.

(5) There was no visible difference in the growth of plants in the three different sets of complete nutrient solutions containing nitrogen as NO_3 , NH_3 and NH_4NO_3 respectively.

(6) Analysis of the complete nutrient solution containing NH_4NO_3 showed that of the 105 p. p.m. of each of ammoniacal and nitric nitrogen originally present 25·2 p. p.m. of ammonia nitrogen and 75·5 p. p.m. of nitric nitrogen were left in the solution after the growth of the crop.

From the results of the above preliminary experiment it appears that rice plants can thrive equally well when nitrogen is available in the form of either ammonia or nitrate. Where both are present ammonia is taken up by these plants in preference to Nitrate. Furthermore, that iron is an essential element for the growth of rice plants is fully borne out by the results of the experiment which also show that it is not essential that traces of Boron and Manganese should be present in the medium for the good growth of rice plants. Lastly, the result does not support the recently published observation of Gerrie in America that paddy seedlings which have been grown in medium containing the necessary food elements for four weeks can grow subsequently to maturity in absence of Calcium, Magnesium and Phosphorus.

NUMBER OF ASSISTANT COMMISSIONERS OF INCOME-TAX IN BENGAL.

11. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :

1. Will Government be pleased to state the number of Assistant Commissioners of Income-tax in Bengal ?

2. Will Government be pleased to state the amount of their salaries ?

3. Will Government be pleased to make a statement about the amount of money that these Assistant Commissioners of Income-tax have spent on touring in Bengal during the year 1929-30 ?

4. Will Government be pleased to state the nature of the work that the Assistant Commissioners have actually done in Bengal ?

5. Will Government be pleased to state the number of Income-tax Officers district by district in Bengal ?

6. Who ran the income-tax work in Bengal before the creation of the Income-tax Department ?

THE HONOURABLE MR. H. DENNING : 1. The sanctioned strength of Assistant Commissioners of Income-tax in Bengal is 7. But two posts are vacant at present.

2. Two Assistant Commissioners of Income-tax, Calcutta City—Rs. 1,500—100—2,000.

Four Mofussil Assistant Commissioners of Income-tax—Rs. 1,000—100—1,500.

One I. C. S. Assistant Commissioner of Income-tax—Pay in the general line plus Rs. 200 special pay, subject to the maximum of Rs. 1,750, exclusive of £30 overseas pay.

The scale of Rs. 1,500—100—2,000 for the Calcutta posts is personal to the present incumbents. For future incumbents, the scale is Rs. 1,000—100—1,500 *plus* Rs. 250 as special pay.

3. The amount spent on account of touring done by the Assistant Commissioners of Income-tax in Bengal in 1929-30 is—

			Rs.
(i) Assistant Commissioner, Calcutta	..	..	39-11-0
(ii) Assistant Commissioner, Burdwan Range	..	..	1,346
(iii) Assistant Commissioner, Dacca Range	..	..	1,945
(iv) Assistant Commissioner, Rajshahi Range	..	..	4,624

4. The Assistant Commissioners disposed of the following number of appeals in 1929-30 :—

			Appeals.
(i) Assistant Commissioner, Calcutta	..	..	425
(ii) Assistant Commissioner, Headquarters	..	..	541
(iii) Assistant Commissioner, Burdwan Range	..	..	228
(iv) Assistant Commissioner, Dacca Range	..	..	471
(v) Assistant Commissioner, Rajshahi Range	..	..	325

The above appeals were disposed of by the Assistant Commissioners mainly at the Headquarters of the districts in which the Income-tax Offices are situated. Besides supervising the work of the Income-tax Officers and Additional Income-tax Officers under their administrative control, the Assistant Commissioners made thorough inspections of the Income-tax Offices twice every year in the case of almost all offices. The number of days spent in touring for the above purposes is—

			Days.
(i) Assistant Commissioner, Calcutta	..	..	4
(ii) Assistant Commissioner, Burdwan Range	..	..	90
(iii) Assistant Commissioner, Dacca Range	..	..	140
(iv) Assistant Commissioner, Rajshahi Range	..	..	254

5. A statement showing the number of Income-tax Officers in 1931-32, district by district in Bengal is placed on the table.

6. The Income-tax Department in Bengal was administered by the Government of Bengal.

CALCUTTA.

Range.	Districts.	No. of I. T. Os.	No. of Additional I. T. Os.
(i) <i>Calcutta</i>	(1) Calcutta District I (1)	1	1
	(2) Calcutta District I (2)	1	..
	(3) Calcutta District IV (1)	1	..
	(4) Calcutta District IV (2)	1	1
	(5) Calcutta District IV (3)	1	..
	(6) Companies District II	1	4
	(7) Salary District VA	1	..
	(8) Ry. and Misc. Salaries	1	..
	(9) 24-Parganas ..	1	..
		9	6
(ii) <i>Headquarters</i>	(1) Calcutta District II (1)	1	..
	(2) Calcutta District II (2)	1	..
	(3) Calcutta District III (1)	1	1
	(4) Calcutta District III (2)	1	1
	(5) Calcutta District V	1	..
	(6) Calcutta District VI	1	..
	(7) Companies District I	1	2
	(8) Salary District III-A	1	..
	(9) Central Salaries ..	1	1
		9	5
(iii) <i>Burdwan</i>	(1) Hooghly	1	..
	(2) Howrah	1	..
	(3) Midnapur-Bankura..	1	1
	(4) Burdwan-Birbhum	1	2
	(5) Murshidabad-Nadia	1	1
	(6) Khulna-Jessore ..	1	1
		6	5
(iv) <i>Dacca</i> ..	(1) Dacca	1	1
	(2) Mymensingh ..	1	1
	(3) Backergunj ..	1	1
	(4) Chittagong ..	1	..
	(5) Tipperah-Noakhali	1	1
		5	4
(v) <i>Rajshahi</i>	(1) Jalpaiguri-Darjeeling	1	1
	(2) Rajshahi-Pabna ..	1	1
	(3) Dinajpur-Maldah ..	1	..
	(4) Rangpur-Bogra ..	1	1+1 on leave.
	(5) Faridpur	1	..
		5	4

AIR MAIL SERVICE BETWEEN INDIA AND EUROPE.

12. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : Will the Government be pleased to make a statement regarding the present arrangements regarding the air mail service between India and Europe ?

THE HONOURABLE SIR JOSEPH BHORE : The Government of India are not directly concerned with the operation of the air mail service between India and England which is conducted under an agreement between His Majesty's Government in the United Kingdom and Imperial Airways, Limited. I am not, therefore, in a position to answer the question fully, but for such information as can be given, the attention of the Honourable Member is invited to the reply given in the Legislative Assembly on the 4th September, 1929 to part (b) of starred question No. 146 by Mr. Gaya Prasad Singh.

ARRANGEMENTS FOR MEDICAL AID TO SICK RAILWAY PASSENGERS.

13. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :
1. Will the Government be pleased to state if at present there are any arrangements for rendering medical aid to railway passengers falling sick in the course of their journey ?

2. Are the Government aware that passengers falling suddenly sick or meeting with bad accidents are greatly inconvenienced owing to the want of medical aid and sometimes run the risk of their lives ?

THE HONOURABLE MR. J. C. B. DRAKE : 1. A First Aid box containing dressings and other articles required for rendering first aid to the injured is carried in the brake-van of practically all passenger trains on the principal railways.

2. Yes. The possibility of medical aid not being immediately available is incidental to all journeys by railway.

ABOLITION OF THE CREW SYSTEM ON THE EAST INDIAN RAILWAY.

14. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :
1. Will the Government be pleased to make a statement regarding the various Railways on which the crew system prevails for the collection and checking of passengers' tickets ?

2. Is it a fact that the crew system was recently abolished on the East Indian Railway ?

3. If so, will the Government be pleased to state the reasons for such abolition ?

4. Do the Government consider it desirable to continue the crew system on the Eastern Bengal Railway ?

THE HONOURABLE MR. J. C. B. DRAKE : 1. The crew system for the collection and checking of passengers' tickets does not operate on any railway at present. On certain sections of the Eastern Bengal, Great Indian Peninsula and South Indian Railways the crew system now operating is confined to the checking of passengers' tickets.

2. Yes.

3. I would refer the Honourable Member to paragraphs 35 to 41, on pages 21 to 25, of the Report of the Committee appointed by the Railway Board to enquire into the working of the crew system on the East Indian Railway. A copy of this report is in the Library of the House.

4. This is under consideration at present.

PROVISION OF ACCOMMODATION FOR INTERMEDIATE CLASS PASSENGERS ON THE EASTERN BENGAL RAILWAY.

15. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :

1. Will Government be pleased to make a statement regarding the number of intermediate class passengers that travel daily on an average by the various trains on the Eastern Bengal Railway ?

2. Will Government be pleased to make a statement regarding the accommodation that is provided for intermediate class passengers ?

THE HONOURABLE MR. J. C. B. DRAKE : 1. On the basis of the figures for the three years ending 31st March, 1931, the daily average was 11,987.

2. On the same basis, the number of intermediate class seats provided daily averaged 14,268.

ANNUAL GRANTS TO THE INDIAN NEWS AGENCY AND THE ASSOCIATED PRESS OF INDIA.

16. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : 1. Is it a fact that the Government of India makes an annual grant of money to the Indian News Agency and the Associated Press of India ? If so, what is the amount of this grant ?

2. Will Government be pleased to state the purposes for which this grant is made ?

3. Do Government grant any money to the Free Press of India ? If not, why not ?

THE HONOURABLE MR. H. W. EMERSON : 1 and 2. The Government of India make no annual grant of money to the Indian News Agency and the Associated Press of India. They pay the Indian News Agency on ordinary commercial terms for the supply of news telegrams to selected officers. The amount provided for this purpose during 1931-32 is Rs. 19,000.

3. The Government of India do not subscribe to the news service of the Free Press as they do not consider it necessary to supplement that of the Indian News Agency.

DEVELOPMENT OF COTTON GROWING IN INDIA.

17. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :

1. Will Government be pleased to make a statement regarding the outturn of cotton in different parts of India ?

2. Will Government be pleased to make a statement regarding the number of cotton mills in different parts of India ?

3. Will Government be pleased to state the quantity of cotton that is needed for the consumption of these cotton mills ?

4. What quantity is grown in India and where does the rest come from ?

5. Will Government be pleased to state what steps the Imperial Council of Agricultural Research has taken to develop cotton-growing in different parts of the country ?

6. Has the Government of Bengal Agricultural Department undertaken some experiments for developing cotton-growing in the province ?

7. Will Government be pleased to state if the Imperial Council of Agricultural Research has taken any steps to encourage these experiments ?

THE HONOURABLE MR. R. LITTLEHAILES: 1 and 2. Statements showing the average outturn of cotton during the last five years and the number of spinning mills in the different parts of India in 1929-30, are placed on the table.

3. Just over two and a half million bales.

4. As shown by the reply to question 1, India produces over five million bales annually ; other cottons used to come from America, Egypt and East Africa.

5. The Indian Central Cotton Committee, Bombay, and not the Imperial Council of Agricultural Research, is concerned with cotton. The work done by the Committee to develop and improve cotton-growing in India is described in a pamphlet entitled " The Present Position of the Research Schemes of the Indian Central Cotton Committee ", a copy of which has been placed in the Library of the Council.

6. Government believe that the facts are as stated.

7. The Indian Central Cotton Committee has not so far given any financial help to the Department of Agriculture, Bengal, for work on cotton ; but would be prepared to consider the question if application were made to it.

Statement showing the average outturn of cotton in different parts of India during the last five years.

Province or State.	Estimated average outturn in bales of 400 lbs. net.
Bombay	1,407,000
Central Provinces and Berar	1,150,000
Punjab	677,000
Madras	459,000
United Provinces	264,000
Burma	70,000
Bengal	21,000
Bihar and Orissa	14,000
Assam	15,000
Ajmer-Merwara	14,000
North-West Frontier Province	4,000
Delhi	1,000
Hyderabad	697,000
Central India States	223,000
Baroda	117,000
Gwalior	104,000
Rajputana States	88,000
Mysore	18,000
Total	5,343,000

Statement showing the number of spinning mills at work in different parts of India during 1929-30.

Province or State.								No. of spinning mills.*
Madras	..	..	..	..	..	..	..	16
Bombay	..	..	..	..	..	..	..	164
Bengal	..	..	..	..	..	..	..	11
United Provinces	..	..	..	..	..	..	..	22
Punjab	..	..	..	..	..	..	..	2
Burma	..	..	..	..	..	..	..	1
Central Provinces and Berar	..	..	..	..	..	..	..	11
Ajmer-Merwara	..	..	..	..	..	..	..	3
Delhi	..	..	..	..	..	..	..	3
Bihar and Orissa	..	..	..	..	..	..	..	..
Hyderabad	..	..	..	..	..	..	..	4
Mysore	..	..	..	..	..	..	..	4
Baroda	..	..	..	..	..	..	..	13
Gwalior	..	..	..	..	..	..	..	3
Central India—Indore	..	..	..	..	..	..	..	7
Porbandar	..	..	..	..	..	..	..	—
Rajputana-Kissengarh	..	..	..	..	..	..	..	1
Cochin	..	..	..	..	..	..	..	1
Bombay States	..	..	..	..	..	..	..	1
Western India States	..	..	..	..	..	..	..	4
Central Provinces State—Rajnandgaon	..	..	..	..	..	..	..	1
French Settlements	..	..	..	..	..	..	..	3
Total								275

*Includes weaving mills in which yarn is also spun.

MAINTENANCE OF OFFICIAL QUARTERS FOR MEMBERS OF THE INDIAN LEGISLATURE IN NEW DELHI.

18. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :

1. Will Government be pleased to state who constructed the official quarters for the Members of the Legislature in New Delhi ?

2. Will Government be pleased to state who are responsible for their maintenance ?

THE HONOURABLE SIR JOSEPH BHOORE : 1. The Executive Engineer, VIII Project Division, II Circle, Central Public Works Department.

2. The Executive Engineer, New Delhi " A " Division, II Circle, Central Public Works Department.

PREVENTION OF EROSIONS OF RIVERS.

19. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :

1. Will Government be pleased to make a statement regarding the approximate damages by the erosions of important rivers in different parts of India during the year 1929-30 ?

2. Will Government be pleased to state the approximate amount of money that is involved in these damages ?

3. Will Government be pleased to state if any works of art or valuable monuments have been destroyed by erosions of rivers during the year 1929-30 ?

4. Will Government be pleased to state if any steps have been taken to prevent such erosions ? If so, what is the nature of these steps ?

5. What steps have the Government taken to train the rivers ?

THE HONOURABLE SIR JOSEPH BHOORE : 1 and 2. The attention of the Honourable Member is invited to pages 21—28 of the publication entitled " India in 1929-30 " which contain all available information on the subject of damage by floods in the several provinces during that year. Government are not in possession of any further information on the subject.

3. No such destruction is known to have occurred.

4 and 5. Matters relating to prevention of erosions and training of rivers and the steps taken to deal with them are primarily the concern of Local Governments. No such erosions have been reported by any of the Central Administrations for which the Government of India is directly responsible.

DAMAGE BY LIGHTNING TO THE BUILDING IN DACCA KNOWN AS *Hossinidalan*.

20. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :

1. Will Government be pleased to state the number of buildings and structures province by province that have come under the operation of Ancient Monuments Act ?

2. Will Government be pleased to state who are responsible for their maintenance and repair during the year ?

3. Are Government aware that recently one of the buildings under the Ancient Monuments Act at Dacca known as *Hossinidalan* was damaged by lightning ?

4. Will Government be pleased to state if this building was provided with the necessary lightning conductor ?

5. If not, will Government be pleased to state why steps were not taken to protect the building against lightning ?

THE HONOURABLE MR. R. LITTLEHAILES : 1. A statement giving the necessary information is placed on the table.

2. The Archæological Department of the Government of India.

3. Yes, but the building is not a protected monument under the Ancient Monuments Preservation Act, 1904.

4 and 5. The Government of India have no information.

List of the protected ancient monuments accepted for maintenance by the Central Government.

Burma	..	..	..	..	..	..	92
United Provinces—							
Muhammadian and British monuments	..			..	..	..	339
Hindu and Buddhist monuments	..			..	..	..	355
Punjab—							
Muhammadian and British monuments	..			..	..	..	132
Hindu and Buddhist monuments	..			..	..	..	40
Delhi	..	..	..	..	..	..	148
North-West Frontier Province	..		..	..	..	..	21
Bihar and Orissa	..	..	..	..	..	..	59
Central Provinces	..	..	..	..	..	..	253
Bengal	..	..	..	..	..	..	144
Assam	..	..	..	..	..	..	53
Bombay (including Sind)	..	..	..	..	..	..	741
Madras Presidency	..	..	..	..	..	..	346
Coorg	..	..	..	..	..	..	3
Rajputana (Ajmer)	..	..	..	..	..	..	10
Total	..						2,736

RETRENCHMENT ON THE EASTERN BENGAL RAILWAY.

21. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (on behalf of the Honourable Kumar Nripendra Narayan Sinha) : Will Government be pleased to state :

- the schemes which the Eastern Bengal Railway have introduced for effecting retrenchment on their system ;
- the particular departments which are mostly affected by such schemes ;
- the number of persons that have already been discharged or have had their services dispensed with :

- (d) the amount of money that has been paid in getting their discharge or dismissal by way of provident fund dues, gratuity money, etc. ;
- (e) the total amount that is likely to be saved in effecting the proposed retrenchment schemes ?

THE HONOURABLE MR. J. C. B. DRAKE: (a) The schemes introduced by the Eastern Bengal Railway for effecting retrenchment cover a wide field and include adjustment of train miles to the decreased traffic now offering and economies in all phases of railway operations including marshalling yard operation, coal consumption, maintenance of rolling stock, consumption of stores, working of departmental trains and annual charges for maintenance and repairs.

(b) The departments most affected are the Transportation and the Civil and Mechanical Engineering Departments.

(c) Up to the end of July, 1931, 1,463 employees had been discharged.

(d) I have called for certain information and will communicate with the Honourable Member on its receipt.

(e) The total saving in salaries for a full year is estimated to be in the neighbourhood of Rs. 6·74 lakhs.

MOTOR VEHICLES DEPARTMENT ON THE EAST INDIAN RAILWAY.

22. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (on behalf of the Honourable Kumar Nripendra Narayan Sinha): Will Government be pleased to state :

- (a) the places on the East Indian Railway where there exists a Motor Vehicles Department belonging to the Railway ;
- (b) the name, qualification, pay and emoluments of the person in charge of such department in each of those places ;
- (c) the annual expenditure that is incurred by the railway on such department ?

THE HONOURABLE MR. J. C. B. DRAKE: (a) There is no Motor Vehicles Department of the East Indian Railway. Motor lorries are in use for the transport of cash, parcels or stores at Lucknow, Asansol, Dinapore, Allahabad, Moradabad, Howrah and Calcutta.

(b) A mechanic is in charge of the garage at Howrah, but special staff are not employed for supervising the motor service.

(c) As mentioned in my reply to part (a) of the Honourable Member's question, there is no Motor Vehicles Department. The normal annual expenditure incurred on the running and maintenance of lorries on the East Indian Railway is approximately Rs. 93,000.

POWER HOUSES ON THE EAST INDIAN RAILWAY.

23. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (on behalf of the Honourable Kumar Nripendra Narayan Sinha) Will Government be pleased to state :

- (a) the places on the East Indian Railway where there exist power-houses belonging to the railway ;

- (b) the names, qualifications, pay and emoluments of the persons in charge of those power houses ;
- (c) the total annual expenditure incurred by the system on those power houses.

POWER HOUSES ON THE EASTERN BENGAL RAILWAY.

24. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (on behalf of the Honourable Kumar Nripendra Narayan Sinha): Will Government be pleased to state :

- (a) the places on the Eastern Bengal Railway where there exist power houses belonging to the Railway ;
- (b) the names, qualifications, pay and emoluments of the persons in charge of those power houses ;
- (c) the total annual outlay of the railway on those power houses ?

THE HONOURABLE MR. J. C. B. DRAKE : With your permission, Sir, I propose to answer questions Nos. 23 and 24 together. Statements giving the information which the Honourable Member requires are being sent to him.

EXPENDITURE ON THE WATCH AND WARD DEPARTMENT OF THE EAST INDIAN RAILWAY, ETC.

25. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (on behalf of the Honourable Kumar Nripendra Narayan Sinha): Will Government be pleased to state :

- (a) the total expenditure incurred by the East Indian Railway on the Watch and Ward Department during 1927-28, 1928-29 and 1929-30 ;
- (b) the saving in expenditure that has been effected by the agency of that department, directly or indirectly, during the same period ;
- (c) the total expenditure incurred by the Railway on the crew system during that period ;
- (d) the enhancement in the income that has been effected by the agency of that system during that period ;
- (e) the total expenditure incurred by the Railway in building and protective projects in furtherance of Watch and Ward of railway stations and yards during that period ?

THE HONOURABLE MR. J. C. B. DRAKE : (a), (c) and (e). I would refer the Honourable Member to the reply given in the Railway Board's letter No. 523-E.G., dated the 29th June, 1931, to question No. 25 asked by him in February, 1931, which was in identical terms.

(b) The activities of the Watch and Ward Department have largely contributed to the claims bill of the East Indian Railway having fallen during the period in question as compared with 1924-25 by nearly Rs. 30 lakhs during 1927-28 and 1928-29 and Rs. 31 lakhs during 1929-30. This Department has also saved large sums of money in the prevention of theft of coal, cinders, engine and carriage fittings, stores and other railway property.

(d) It is not practicable to isolate the effect of the crew system on the passenger earnings of the railway from the operation of other factors, such as economic condition of the country traversed, periodical *melas*, road motor competition and passenger fares.

PURCHASE BY THE STATE OF THE ASSAM-BENGAL RAILWAY.

26. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (on behalf of the Honourable Kumar Nripendra Narayan Sinha): Will Government be pleased to state :

- (a) the reasons for which the purchase of the Assam-Bengal Railway was postponed last year ;
- (b) the results of the negotiations between the Government and the Company to arrive at some arrangements for the termination of the Company's management at an early date ;
- (c) the average price of the Company's stock as quoted in the market ;
- (d) the nature of the difficulty in purchasing out the stock in private hands by the State gradually at the market price ?

THE HONOURABLE MR. J. C. B. DRAKE : (a) The purchase would have been most disadvantageous financially, and it was not possible to find the money for it.

(b) The Company were not prepared to agree to an extension of Government's option to purchase the line on the 31st December, 1931.

(c) The price quoted about the end of July last was 54½.

(d) At present the money could not be found for any such operation, even if it were feasible without largely raising the market price.

SAFEGUARDING OF THE RIGHTS OF INDIAN SETTLERS IN THE TRANSVAAL.

27. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (on behalf of the Honourable Kumar Nripendra Narayan Sinha): Will Government be pleased to state:

- (a) in detail how far the provisions of the Transvaal Asiatic Land Alienation Act have been modified to suit Indian interests since March last ;
- (b) what steps the Government of India have adopted to safeguard the rights and interests of the Indian settlers ;
- (c) the details of the correspondence that the Government of India have had with the Transvaal Government on the subject ?

THE HONOURABLE MR. R. LITTLEHAILES : (a) and (b). The Honourable Member is presumably referring to the Transvaal Asiatic Tenure Amendment) Bill. The Government of the Union of South Africa were good enough to postpone consideration of the Bill pending a Conference which is arranged to be held in Cape Town in January next between the representatives of the Union Government and of the Government of India. The business of the Conference will include the consideration of the position in the Transvaal with which this Bill was intended to deal.

(c) There was no official correspondence between the two Governments on the subject of the Bill.

ANNUAL EXODUS TO SIMLA.

28. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (on behalf of the Honourable Kumar Nripendra Narayan Sinha) : Will Government be pleased to state :

- (a) whether in adumbrating their schemes for retrenchment in the Central Government the subject of the annual Simla exodus was ever dealt with ;

If so—

- (b) the conclusions that have been arrived at on that subject by the Central Committee ;

- (c) the final decision of the Government of India on that subject ?

THE HONOURABLE MR. H. DENNING : The Government of India have at various times considered the net financial effect of the annual Simla exodus. Certain material has been placed before the Retrenchment Sub-Committees now at work, and it is understood that they will make recommendations in the matter. When these are received the Government of India will take them into consideration.

RESTRICTION OF THE PRESENT ACTIVITIES OF THE TARIFF BOARD AND THE IMPERIAL AGRICULTURAL RESEARCH DEPARTMENT.

29. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (on behalf of the Honourable Kumar Nripendra Narayan Sinha) : Will Government be pleased to state :

- (a) whether in their attempts to economise the expenses of the Government of India there were proposals before the Retrenchment Committee concerned for restricting the present activities of the Tariff Board and the Imperial Agricultural Research Department ?

If the answer is in the affirmative—

- (b) the nature of the proposals with details ;
(c) the recommendations made by the Committee ;
(d) the conclusions arrived at by the Government ?

THE HONOURABLE MR. H. DENNING : I regret that I cannot make any statement regarding the proposals under consideration by the Retrenchment Committees until Government have received and considered their reports.

LEE CONCESSIONS.

30. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (on behalf of the Honourable Kumar Nripendra Narayan Sinha) : Will Government be pleased to state :

- (a) whether the several Retrenchment Committees under the Central Government found the Lee Committee recommendations for the increase of salaries and emoluments, etc., of the Imperial Services a great stumbling block in their way ?

If the answer is in the affirmative—

- (b) the way in which such a difficulty was got over ?

THE HONOURABLE MR. H. DENNING : (a) and (b). The exact meaning of the question is not clear. There is nothing to prevent the Committees making recommendations as to the pay, allowances and conditions of service of the Services to which the Lee Concessions were granted.

IMPORT AND EXPORT DUTIES ON FOREIGN WHEAT AND RICE.

31. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (on behalf of the Honourable Kumar Nripendra Narayan Sinha): Will Government be pleased to state :

(a) whether there is an import duty on foreign wheat ;

If so, the rate therefor ;

(b) whether there is an import duty on foreign rice ;

If so, the rate therefor ;

(c) whether there is an export duty on foreign wheat ;

(d) whether there is an export duty on foreign rice ;

If so, the rates therefor ?

THE HONOURABLE MR. J. C. B. DRAKE : (a) and (b). The Honourable Member is referred to the publication issued by the Director General of Commercial Intelligence and Statistics, Calcutta, entitled "Indian Customs Tariff," copies of the latest issue of which have been placed in the Library.

(c) As far as Government are aware, the principal countries from which wheat is imported into India do not levy any export duty.

(d) The countries from which rice is imported into India in any appreciable quantities are the Straits Settlements, Siam, Indo-China and Japan. As far as Government are aware, there is no export duty on rice in the Straits Settlements and Japan. Export duties on paddy and rice are levied in Indo-China and Siam and for convenience I give their approximate equivalents in Indian currency and weight :—

Indo-China.

						Rs.	A.	P.
Paddy and rice cargo containing more than 33 per cent. paddy	..	..	..	Per maund		0	4	5
Rice cargo containing less than 33 per cent. paddy	..	..	..	..	..	0	3	9
White rice	..	..	..	..	..	0	3	6
Broken rice	..	..	..	..	..	0	1	9
Flour	..	..	..	..	..	0	0	9

Siam.

Paddy	..	..	..	..	..	0	1	6
Cargo rice	..	..	..	..	..	0	2	2
Cargo broken rice	..	..	..	..	..	0	1	2
Cargo meal	..	..	..	..	..	0	1	2
White rice	..	..	..	..	..	0	2	1
White broken rice	..	..	..	..	..	0	2	1
White meal	..	..	..	..	..	0	2	1

REPATRIATION OF INDIAN SETTLERS FROM BRITISH COLONIES AND POSSESSIONS.

32. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (on behalf of the Honourable Kumar Nripendra Narayan Sinha) : Will Government be pleased to state :

- (a) the British Colonies and possessions where the scheme of repatriation has lately been adopted for Indian settlers ;
- (b) the details by which such scheme is being worked in each of those places ;
- (c) whether they have had any intimation of such a scheme before it came into actual operation in those places ;
- (d) whether they have considered any manner of retaliation in respect of those places where the rights and privileges of Indian settlers are being ignored ?

THE HONOURABLE MR. R. LITTLEHAILES : (a), (b), (c) and (d). Indian labourers who emigrated to Fiji, British Guiana, and other countries, under a system of indenture were generally entitled to a free return passage in accordance with the terms of their agreement. Many of them avail themselves of this right. In South Africa an Assisted Emigration Scheme was brought into force as a result of the Cape Town Agreement. Any Indian wishing to avail himself of this scheme is granted a bonus in addition to a free passage. In Ceylon and Malaya, economic depression principally due to the fall in the price of rubber, has led to the discharge of a large number of Indian labourers who are being repatriated free of cost. The Government of India have remained in close touch with the situation in all its stages. The Honourable Member will observe that repatriation is not compulsory. The question of adopting retaliatory measures does not arise.

PURCHASE FROM ABROAD OF STORES FOR STATE RAILWAYS.

33. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (on behalf of the Honourable Kumar Nripendra Narayan Sinha) : Will Government be pleased to state :

- (a) whether any orders for railway stores and materials have been sent abroad on behalf of the State Railways during the present year ;

If so,

- (b) the particulars of such orders ;
- (c) the total value of such orders ;
- (d) the time by which such orders are to be completed ;
- (e) the countries to which such orders have been sent ?

THE HONOURABLE MR. J. C. B. DRAKE : I am afraid the particulars for which the Honourable Member asks are not available ; but the position is as follows. Railways have always to send a certain amount of orders abroad for articles, such as locomotives, electrical plant, wheels, tyres and axles, which are not manufactured, and ordinarily cannot be obtained in India unless some agent of a foreign firm holds a stock of them in India. Every endeavour is

made by State-managed Railway Administrations to see that the orders placed abroad are kept down to a minimum and indents from State-managed Railways on the Director General of Stores in London are carefully scrutinised by the Indian Stores Department in consultation with the Railway Board to see that this policy is carried out. Details of the value of imported materials are also shown every year in the Report by the Railway Board on Indian Railways.

CANCELLATION OF PASSENGER AND GOODS TRAINS ON THE EAST INDIAN RAILWAY, ETC.

34. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (on behalf of the Honourable Kumar Nripendra Narayan Sinha): Will Government be pleased to state :

- (a) the number of passenger trains that the East Indian Railway has already scrapped for the sake of retrenchment of expenses ;
- (b) the number of goods trains that the system has cancelled for the purpose ;
- (c) the amount that is likely to be saved by the adoption of that retrenchment scheme ;
- (d) the number of stations that have been closed down with that end in view ?

THE HONOURABLE MR. J. C. B. DRAKE : The information required has been called for from the Agent, East Indian Railway, and will be communicated to the Honourable Member when it is received.

CANCELLATION OF PASSENGER AND GOODS TRAINS ON THE EASTERN BENGAL RAILWAY, ETC.

35. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (on behalf of the Honourable Kumar Nripendra Narayan Sinha): Will Government be pleased to state :

- (a) the number of passenger trains that the Eastern Bengal Railway has scrapped for bringing about economy in expenditure ;
- (b) the number of goods trains that the system has cancelled for similar purpose ;
- (c) the proportion in which increases have taken place in passenger fares and goods rates on that system ;
- (d) whether the system was run at a loss before the present economic depression set in ;
- (e) the total amount that the system expects to save by their retrenchment activities ?

THE HONOURABLE MR. J. C. B. DRAKE : (a) The running of 56 passenger trains has been discontinued.

(b) The number of goods trains run is regulated entirely by the volume of traffic offering.

(c) The enhancements that have been made in fares and rates recently are estimated to increase earnings by 1·05 per cent. on passenger traffic, 15 per cent. on luggage and parcels and 2·87 per cent. on goods traffic.

(d) No.

(e) Rs. 26,00,000 during the current financial year.

RETRENCHMENT OF SUPERIOR AND SUBORDINATE OFFICERS ON STATE RAILWAYS.

36. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (on behalf of the Honourable Kumar Nripendra Narayan Sinha): Will Government be pleased to state :

- (a) the number of covenanted officers that the State Railways have had to discharge or have had their services dispensed with, with a view to introduce retrenchment ;
- (b) the number of Indian officers of the superior grade on State Railways that have had such discharge or dismissal up till now ;
- (c) the number of Indian officers of the subordinate grade on State Railways that have been discharged or had their services dispensed with for the sake of retrenchment up till now ?

THE HONOURABLE MR. J. C. B. DRAKE : I have called for certain information and will communicate with the Honourable Member on its receipt.

AMALGAMATION OF THE ACCOUNTS AND AUDIT DEPARTMENTS OF STATE RAILWAYS.

37. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (on behalf of the Honourable Kumar Nripendra Narayan Sinha): Will Government be pleased to state :

- (a) whether the Accounts and Audit Departments of State Railways will be amalgamated for the sake of economy in expenditure ;
- (b) whether operations of machine accounting will be kept suspended for the present for the same reason ?

THE HONOURABLE MR. J. C. B. DRAKE : (a) The question is at present being investigated.

(b) Most of the experiments started by Mr. Scott with regard to mechanised accounting have been suspended, but there is no proposal at present to suspend such processes of machine accounting as have passed the experimental stage like the Clearing Accounts Office.

RETRENCHMENT ON COMPANY RAILWAYS.

38. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (on behalf of the Honourable Kumar Nripendra Narayan Sinha): Will Government be pleased to state :

- (a) the ways in which the Company Railways are introducing economy in their expenses ;
- (b) the total amount that they expect to save by their processes of retrenchment ?

THE HONOURABLE MR. J. C. B. DRAKE : (a) The more important measures of economy adopted by the five principal Company Railways are :—

Abolition of posts.

Holding posts in abeyance.

Reduction in allowances.

Closing down, or working short time in workshops.

Closing down stations, permanently or at night.

Reduction in train mileage and shunting hours.

Reduction of stores and use of cheaper form of stores.

Reduction in the supply of consumable stores, uniforms, tools and plant, stationery and telephones.

Reclaiming and reconditioning scrap material.

Extending the time between repairs of both rolling stock and structures.

(b) The total amount that these five Companies at present expect to save this year is about *Rs. 1,60,00,000*.

RETRENCHMENT IN THE INDIAN POSTS AND TELEGRAPHS DEPARTMENT.

39. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (on behalf of the Honourable Kumar Nripendra Narayan Sinha): Will Government be pleased to state :

- (a) the details of the schemes which the Indian Postal Department has adopted for effecting retrenchment ;
- (b) the schemes that the Indian Telegraph Department has introduced for the same purpose ;
- (c) how many officers of the Department, superior or subordinate, have been pensioned, discharged or dismissed with that end in view ;
- (d) what posts or services are to be amalgamated, abolished or kept suspended for the same purpose ;
- (e) the total amount that is expected to be saved by the Post and Telegraph retrenchment schemes ?

THE HONOURABLE SIR JOSEPH BHORE : The whole question of possible schemes of retrenchment in the Indian Posts and Telegraphs Department is under examination by the Retrenchment Advisory Committee. No decisions have yet been reached and it is regretted that the information desired by the Honourable Member cannot therefore be furnished.

APPOINTMENT OF MUHAMMADAN I. C. S. OFFICERS AS SECRETARIES AND JOINT SECRETARIES IN THE GOVERNMENT OF INDIA SECRETARIAT.

40. THE HONOURABLE MR. SYED ABDUL HAFEEZ : Will Government be pleased to give the names of the Moslem members of the Indian Civil Service of 18 years' service and over who have had Secretariat experience in Government of India or Provincial Secretariats, with their length of service and present position. If there are any such Moslem officers will Government

be pleased to state whether they have ever been offered the position of Secretary or Joint Secretary to the Government of India ?

THE HONOURABLE MR. H. W. EMERSON : As far as the Government of India are aware, the following Muslim members of the Indian Civil Service of 18 years' service or more have had Secretariat experience, namely, Shaikh Asgar Ali, C.B.E., Bar.-at-law, and Mr. Alma Latifi, C.B.E., LL.D., LL.M. Neither of these gentlemen has held the post of Secretary or Joint Secretary to the Government of India.

PROVISION OF RESTAURANT CARS ON IMPORTANT TRAINS FOR INTERMEDIATE AND THIRD CLASS PASSENGERS.

41. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :

1. Will Government be pleased to state if the restaurant cars running with important trains are available for use by intermediate and third class passengers ? If not, will Government state the arrangements that have been made for catering for the needs of third and intermediate class passengers ?

2. Is it a fact that not seldom the food and the sweets sold by the vendors on the station platforms are rotten and unsuitable for use ?

THE HONOURABLE MR. J. C. B. DRAKE : 1. Restaurant cars in which food is cooked in European fashion are not available for use by intermediate and third class passengers for whose needs refreshment rooms at stations and platform vendors cater. On some railways restaurant cars provide meals cooked exclusively in Indian fashion on certain trains, and a compartment with a travelling vendor is provided on certain other trains for all classes of passengers.

2. No.

SUPERINTENDENTS OF POST OFFICES.

42. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :

1. Will Government be pleased to state the number of Superintendents of Post Offices ?

2. Will Government be pleased to state the nature of their duties ?

3. Will Government be pleased to lay a statement on the table showing the scale of salary drawn by these officers ?

4. Is it a fact that the work done by the Superintendents of Post Offices is almost the same as the work done by the Inspectors of Post Offices ?

5. If so, will Government state why Superintendents are at all necessary ?

THE HONOURABLE SIR JOSEPH BHORE : 1. The number of Superintendents of Post Offices in charge of Divisions is 115.

2. The attention of the Honourable Member is invited to the reply given by Mr. H. A. Sams on the 5th March, 1930, to part (a) (i) of Mr. N. C. Kelkar's unstarred question No. 191 in the Legislative Assembly as also the reply given by Sir Geoffrey Clarke on the 9th February, 1925, to part (b) of Mr. Gaya Prasad Singh's unstarred question No. 97 in the same House.

3. The scale of pay is Rs. 300—20—600—25—750.

4. No.

5. Does not arise.

REDUCTION OF THE WAGES OF INDIAN COOLIES IN CEYLON.

43. THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI: Will Government be pleased to state whether it is a fact that the Ceylon Estate Wages Board have been considering the question of reducing the wages of Indian coolies working in Ceylon?

THE HONOURABLE MR. R. LITTLEHAILES: Yes.

SAVINGS EFFECTED BY THE AMALGAMATION OF THE RAILWAY MAIL SERVICE WITH THE POST OFFICE.

44. THE HONOURABLE RAJA RAGHUNANDAN PRASAD SINGH: Will Government state the annual savings effected under heads—establishment, haulage and travelling allowance—by the amalgamation of the Railway Mail Service with the Post Office?

THE HONOURABLE SIR JOSEPH BHOPE: Establishment—Rs. 12,400 approximately.

Haulage—not affected.

Travelling allowance—scarcely affected.

It is regretted that actual information is not readily available.

SAVINGS EFFECTED BY THE AMALGAMATION OF TELEGRAPH ENGINEERING WITH THE POST OFFICE.

45. THE HONOURABLE RAJA RAGHUNANDAN PRASAD SINGH: Will Government state the annual savings effected under heads—establishment, maintenance of lines and travelling allowance—by the amalgamation of Telegraph Engineering with the Post Office?

NUMBER OF APPOINTMENTS OF DIRECTORS, TELEGRAPH ENGINEERING ABOLISHED.

46. THE HONOURABLE RAJA RAGHUNANDAN PRASAD SINGH: Will Government state the number of appointments of Directors, Telegraph Engineering, abolished consequent on the amalgamation of Telegraph Engineering with the Post Office?

THE HONOURABLE SIR JOSEPH BHOPE: With your permission, Sir, I propose to reply to questions Nos. 45 and 46 together.

The object aimed at in the unification was increased administrative efficiency and not immediate economy. Maintenance of lines is not affected. Travelling allowances is scarcely affected. Information is not available to show how establishment was affected. No appointment of Director was abolished.

POSTS AND TELEGRAPHS ACCOUNTS AND AUDIT DEPARTMENT.

47. THE HONOURABLE RAJA RAGHUNANDAN PRASAD SINGH : Is it a fact that the Audit Branch of the Posts and Telegraphs Department is outside the scope of inquiry of the Posts and Telegraphs Retrenchment Sub-Committee and, if so, will Government state the reasons therefor ?

THE HONOURABLE MR. H. DENNING : The Posts and Telegraphs Accounts and Audit Department is under the administrative control of the Auditor General and the Finance Department and comes therefore within the scope of inquiry of the Public Works Department and Audit and Accounts Retrenchment Sub-Committee, which has considered the question of economy in this Department.

PERCENTAGE OF THE TOTAL EXPENDITURE ON ACCOUNTS AND AUDIT IN THE POSTS AND TELEGRAPHS DEPARTMENT TO THE TOTAL REVENUE OF THE DEPARTMENT.

48. THE HONOURABLE RAJA RAGHUNANDAN PRASAD SINGH : Is it a fact that the Posts and Telegraphs Department is regarded as a commercial Department ? If so, is the expenditure on audit also incurred on a commercial basis and does it bear the same ratio to the expenditure on general heads as in big commercial firms like the Tata Iron and Steel Works in India ?

THE HONOURABLE MR. H. DENNING : The position is not quite as stated by the Honourable Member. The Posts and Telegraphs is a public utility department on a commercial basis and which is expected on the whole to pay its way. As far as I know, the ratio between the expenditure on audit and on general heads in private commercial undertakings varies but, in any case, the functions of the Posts and Telegraphs Accounts and Audit Department are far wider than those of the auditor of the accounts of private commercial concerns and no comparison between the two is therefore valid. The percentage which the total expenditure on accounts and audit bears to the total revenue of the Department is shown in the Appropriation Accounts of the Posts and Telegraphs Department which is scrutinised by the Public Accounts Committee.

SUBORDINATES IN THE POSTS AND TELEGRAPHS ACCOUNTS AND AUDIT OFFICES.

49. THE HONOURABLE RAJA RAGHUNANDAN PRASAD SINGH : Has Government considered the desirability of replacing subordinates in the Posts and Telegraphs audit by a cheaper class of workers as in the Posts and Telegraphs ? If not, will Government state the reasons therefor ?

THE HONOURABLE MR. H. DENNING : The work done by subordinates in the Posts and Telegraphs Accounts and Audit offices is different in character from that done by subordinates in the Posts and Telegraphs offices, and the scales of pay are therefore different.

EXPENDITURE ON THE AIR MAIL SERVICE BETWEEN INDIA AND FOREIGN COUNTRIES.

50. THE HONOURABLE RAJA RAGHUNANDAN PRASAD SINGH : Will Government state what proportion of the expenditure on the Air Mail

Service between India and foreign countries is borne by the Government of India and whether the service has been self-supporting? If not, what amount of deficit is borne by the Posts and Telegraphs Department?

THE HONOURABLE SIR JOSEPH BHORE: The Government of India bear no part of the expenditure on services referred to by the Honourable Member.

EXPENDITURE ON RUNNING IMPERIAL MAIL TRAINS.

51. THE HONOURABLE RAJA RAGHUNANDAN PRASAD SINGH: Will Government state the expenditure on running Imperial Mail trains and the foreign mail services and whether it is met from the revenue earned from the foreign mails?

THE HONOURABLE SIR JOSEPH BHORE: The cost of running Imperial Indian Mail trains in connection with outward and inward foreign mails is Rs. 2,14,344 per annum. Information regarding the cost of all the foreign mail services is not readily available and could not easily be collected.

The whole expenditure is met from the general revenues of the Indian Posts and Telegraphs Department. As no separate account is kept of income earned exclusively from foreign mail matter, it cannot be stated precisely whether the expenditure is covered by the revenue earned from such matter, though that is probably the case.

EXTRA STAFF EMPLOYED AT BOMBAY FOR THE SORTING OF INWARD FOREIGN MAILS.

52. THE HONOURABLE RAJA RAGHUNANDAN PRASAD SINGH: What extra staff is employed at Bombay for the sorting of inward foreign mails?

THE HONOURABLE SIR JOSEPH BHORE: The strength of the staff which is detailed to perform this work varies with the volume of the mails having to be dealt with but is subject to careful check within the limits of the admissible expenditure. The average weekly number of all ranks is approximately 835.

NUMBER OF POST OFFICES CLOSED IN THE BIHAR AND ORISSA CIRCLE.

53. THE HONOURABLE RAJA RAGHUNANDAN PRASAD SINGH: How many post offices have been closed in the Bihar and Orissa Circle?

THE HONOURABLE SIR JOSEPH BHORE: 12 since April 1931.

HOUSING OF SUBORDINATES OF THE POSTS AND TELEGRAPHS DEPARTMENT AT JHARIAH.

54. THE HONOURABLE RAJA RAGHUNANDAN PRASAD SINGH: Is it a fact that house rent at Jhariah and in its near vicinity has considerably increased of late and, if so, what steps have Government taken for housing the subordinates of the Posts and Telegraphs Department?

THE HONOURABLE SIR JOSEPH BHORE: The reply to the first part of the question is in the affirmative. With respect to the second part, the question of constructing quarters for the clerical staff has been under consideration,

but owing to the present financial position it has not been found possible to proceed with the proposal. I would add that the postmen and inferior servants are granted house rent allowance at Rs. 2 each.

REVISION OF PAY OF SECTIONAL SUPERINTENDENTS IN THE OFFICE OF THE DIRECTOR GENERAL OF POSTS AND TELEGRAPHS.

55. THE HONOURABLE RAJA RAGHUNANDAN PRASAD SINGH : Is it a fact that the sectional Superintendents in the office of the Director-General of Posts and Telegraphs lately obtained a revision of pay and that the Superintendents of Post Offices have had none ?

THE HONOURABLE SIR JOSEPH BHORE : The pay of sectional Superintendents in the office of the Director General, Posts and Telegraphs, was revised in April 1930 on the reorganisation of the office as an attached office of the Government of India, coupled with reductions of establishment, resulting in a substantial net saving. There is no connection between the case of such Superintendents and that of Superintendents of Post Offices. The pay of the latter officers was raised in 1926, independently, at additional cost to the Government.

COST OF EMBOSSED ENVELOPES SOLD BY THE POST OFFICE.

56. THE HONOURABLE RAJA RAGHUNANDAN PRASAD SINGH : Is it a fact that the rise in the price of embossed envelopes sold by the post office has led to a fall in the sale and a rise in the use of envelopes of private manufacture ?

THE HONOURABLE SIR JOSEPH BHORE : There has been a fall in the sale of embossed envelopes, but it is not possible to state whether it is due exclusively to the increase in the price of such envelopes or to the decrease in postal traffic generally. Government have no information showing whether there has been a corresponding rise in the use of envelopes of private manufacture.

SUICIDES DUE TO UNEMPLOYMENT.

57. THE HONOURABLE RAJA RAGHUNANDAN PRASAD SINGH : Has the attention of Government been drawn to reports published in Calcutta papers about suicides committed, as alleged, by unemployed young men in a state of utter despair ?

THE HONOURABLE SIR JOSEPH BHORE : With your permission, Sir, I propose to reply to questions Nos. 57, 58 and 61 together.

Under the existing constitutions the matter is one which is primarily the concern of Local Governments and I would invite the Honourable Member's attention to the answer given by Mr. Shillidy to question No. 70 asked by the Honourable Rai Bahadur Ram Saran Das on the 9th July, 1930.

MITIGATION OF THE EVILS OF UNEMPLOYMENT.

†58. THE HONOURABLE RAJA RAGHUNANDAN PRASAD SINGH : Have Government considered the need of the adoption of prompt and effective measures to mitigate the evil of unemployment ? If so, what have they decided to do in that direction ?

† *Vide* answer to Question No. 57.

UNEMPLOYMENT INSURANCE FOR INDIA.

59. THE HONOURABLE RAJA RAGHUNANDAN PRASAD SINGH: Do Government propose to introduce a system of Unemployment Insurance and start a Fund, on the lines of the Unemployment Insurance Fund in Britain?

THE HONOURABLE SIR JOSEPH BHORE: No. I would, in this connection, invite the Honourable Member's attention to the last paragraph of Chapter III of the Report of the Royal Commission on Labour where the view is expressed that a national system of insurance is not feasible at present in India.

UNEMPLOYMENT AMONGST THE PHYSICALLY AND MENTALLY FIT.

60. THE HONOURABLE RAJA RAGHUNANDAN PRASAD SINGH: Do Government possess statistics showing the number of the unemployed amongst persons physically and mentally fit for work and the causes of their unemployment?

THE HONOURABLE SIR JOSEPH BHORE: The answer is in the negative.

GRANT OF RELIEF TO THOSE PHYSICALLY AND MENTALLY UNFIT FOR WORK.

***61. THE HONOURABLE RAJA RAGHUNANDAN PRASAD SINGH:** What do Government propose to do to give relief to such of the unemployed as happen to be so, due to their being physically and mentally unfit for work?

EXPRESS TRAINS NOS. 41-UP AND 42-DOWN ON THE EAST INDIAN RAILWAY.

62. THE HONOURABLE RAJA RAGHUNANDAN PRASAD SINGH: Do Government propose to extend the course of the Express trains (41-Up and 42-Down) at present running between Howrah and Mokamah Junction and *vice versa* so as to make them run between Howrah and Delhi or at least to Dinapore and *vice versa*?

THE HONOURABLE MR. J. C. B. DRAKE: With your permission, Sir, I propose to reply to this question and to question No. 63 together.

It is not possible for Government to take any part in the arrangement of time tables. I will, however, bring the Honourable Member's questions to the notice of the Agent, East Indian Railway.

DIVERSION OF ONE OF THE EXPRESS TRAINS *via* THE SAHIBGANJ LOOP ON THE EAST INDIAN RAILWAY.

†63. THE HONOURABLE RAJA RAGHUNANDAN PRASAD SINGH: Do Government propose to divert one of the through Express trains at present running *via* the Main line or the Grand Chord so as to make it run *via* the Sahibgunj Loop?

LEE CONCESSIONS.

64. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Will Government kindly state what is the total amount payable per annum under the different kinds of allowances recommended by the Lee Commission, in all departments of the Central Government and in the provinces?

THE HONOURABLE MR. H. DENNING: The information is being collected.

* *Vide* answer to Question No. 57.

† *Vide* answer to Question No. 62.

LEE CONCESSIONS.

65. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Have the Lee Concessions been awarded only on the recommendations of the Government of India or have they in any cases been granted on the initiative of the Secretary of State for India ? If so, may such cases be kindly laid on the table.

THE HONOURABLE MR. H. W. EMERSON : With your permission, Sir, I propose to answer the Honourable Member's questions Nos. 65 and 66 together.

I take it that the Honourable Member is referring to the grant of Lee Concessions to officers who were not members of the All-India Services and other Superior Services proper which came under the recommendations of the Lee Commission Report. In paragraph 61 of their Report the Commission recommended that specialist officers and officers holding miscellaneous appointments whose status and emoluments might be generally comparable with those of the Superior Services should receive parallel treatment to that proposed by them for the latter. The extension of Lee Concessions to the officers whom the Honourable Member has in mind was made in pursuance of this recommendation on an inquiry ordered to be undertaken by the Secretary of State in Council, and in response to claims which officers were allowed to submit on the basis of that recommendation. No grant was made where a claim was not submitted, and many claims were rejected.

LEE CONCESSIONS.

***66. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS :** Have the Lee Concessions been awarded only when such concessions have been claimed by the members of the different services, or have they in any cases been granted even without being originally claimed ? A list of such cases and the circumstances under which concessions in these cases have been granted, may kindly be laid on the table of this Council.

CIRCUMSTANCES LEADING TO THE APPOINTMENT OF THE LEE COMMISSION.

67. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Will Government kindly state on whose initiative and under what circumstances was the Lee Commission appointed ?

THE HONOURABLE MR. H. W. EMERSON : I would refer the Honourable Member to the Royal Warrant appointing the Commission on the Superior Civil Services in India and to Chapter I of the Commission's Report. The Royal Warrant is reproduced in the Lee Commission's Report, a copy of which is in the Library.

WITHDRAWAL OF THE LEE CONCESSIONS.

68. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Is it a fact that the Lee Concessions were granted in view of the fact that the prices and the cost of living had risen high ? Do such conditions still prevail ? Have Government considered the question of withdrawing Lee Concessions in view of the fact that prices have fallen heavily and that cost of living is lower ?

* *Vide* answer to Question No. 65.

THE HONOURABLE MR. H. DENNING: I would refer the Honourable Member to Chapters VI and VII of the Report of the Lee Commission from which he will see that the increased cost of living was only one of several factors that were taken into account by the Commission in making their recommendations. The Government of India consider that the withdrawal of the Lee Concessions would not be equitable method of reducing the emoluments of Government officers.

CONTINUANCE OF THE WHEAT (IMPORT DUTY) ACT, 1931, FOR ANOTHER YEAR.

69. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Is Government considering the desirability of extending the Wheat (Import Duty) Act, 1931, for another year? Do Government propose to enhance the import duty on foreign wheat or to stop its import altogether?

THE HONOURABLE MR. J. C. B. DRAKE: The conditions which rendered it necessary to pass the Wheat (Import Duty) Act, 1931, in March last unfortunately still exist, and unless there should be a material change of circumstances during the next three or four months, it will be necessary to continue the Act for a further period. No reasons for enhancing the rate of duty or for prohibiting the import of wheat have yet been placed before Government.

PROPORTION OF MINORITY COMMUNITIES EMPLOYED ON EACH OF THE STATE RAILWAYS.

70. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Will Government kindly state on what basis the proportion of minority communities in the different services is fixed on each of the State Railways? Does Government in recruitment take into consideration the population proportions of the different communities for the whole of India or of different provinces traversed by such railways? The exact proportions thus fixed for each community on each State Railway may kindly be stated. It may also be stated whether this proportion applies only to officers, subordinates and clerks, or whether it also applies to the employees in the various workshops, and running and station mechanical staff. If not, why not?

THE HONOURABLE MR. J. C. B. DRAKE: As a rule one-third of the vacancies filled by direct recruitment are reserved for the redress of marked communal inequalities. In making appointments under this rule, regard is paid to the population strength of each important community in the area traversed by each railway in the case of subordinate staff who are recruited by each railway for its own requirements and in the areas traversed by all the State Railways in the case of officers who are recruited by a central authority.

The rule regarding the reservation of one-third of the vacancies cannot be closely observed in the case of workshop employees and other semi-skilled labourers and persons in inferior service, who are recruited in accordance with local conditions and the aptitude of the candidates offering for employment for the particular class of work.

PROVIDENT FUND FOR GOVERNMENT SERVANTS.

71. THE HONOURABLE SARDAR SHRI JAGANNATH MAHARAJ PANDIT: (a) With reference to the assurance given by Government in February last, will Government be pleased to state if they are ready with the Provident Fund scheme? If so, when will it be brought into force?

(b) If the answer to the first part of (a) is in the affirmative, will Government be pleased to state if the scheme is exactly like the one that prevails on State Railways? If not, will Government be pleased to lay it on the table for the information of the House?

(c) Will Government be pleased to state whether the scheme will be given effect to retrospectively? If not, in what way do Government intend to give relief to the families of the persons who die before retirement?

THE HONOURABLE MR. H. DENNING : (a) The assurance given by Government in the Council of State on the 18th February 1931 was that they would come to a decision on the question of modifying the existing pension system within a year. The new scheme is not yet ready, and Government are unable to say when it will be brought into force.

(b) Does not arise.

(c) An option will probably be given which will enable all pensionable employees of Government in service at the time of the introduction of the scheme to make provision for their families.

IMPERIAL COUNCIL OF AGRICULTURAL RESEARCH.

72. THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD : (a) What are the functions of the Imperial Council of Agricultural Research?

(b) What is the amount spent annually on this body?

(c) What is the amount spent annually (i) on the establishment and staff of this body, (ii) on the salaries and travelling allowances of its members, and (iii) on the grants this body annually disburses to other agricultural bodies or individuals?

THE HONOURABLE MR. R. LITTLEHAILES : (a) As stated by me in the reply to part 1 of question No. 9 asked by the Honourable Mr. J. C. Banerjee, the functions of the Imperial Council of Agricultural Research are set out in paragraph 2 of its Memorandum of Association.

(b) and (c). A statement containing the required information is placed on the table.

Statement showing the expenditure incurred in connection with the Imperial Council of Agricultural Research since its establishment in June 1929.

	1929-30.	1930-31.	1931-32.
	Rs.	Rs.	Rs.
A. Administration			
1. Budget provision ..	1,40,000	2,55,000	2,76,000
2. Actual expenditure ..	1,33,901	2,25,571	64,922
			(upto 30-6-'31).
B. Grants for Research* ..	15,00,000	15,00,000	5,00,000
		(including Rs. 10,00,000 for encourage- ment of sugar cultivation).	

*The Council has an entirely free hand in regard to the expenditure of the grants made to it for research purposes subject to the condition that it incurs no liability in respect of such matters as leave or pension contributions after the research for which the grant is given has been completed.

(i) Expenditure over the Secretariat of the Imperial Council of Agricultural Research (including officers and establishment) was as follows :—

	Rs.
1929-30	1,29,873
1930-31	2,22,722
1931-32 (upto 30th June 1931). .. .	61,833

(ii) With the exception of the Vice-Chairman and the two wholetime experts attached to the Council, no members of the Council—official or non-official—are paid any salaries by the Council. The expenditure on account of travelling allowance of non-official members amounted to:

	Rs.
1929-30	4,028
1930-31	2,849
1931-32 (upto 30th June 1931). .. .	3,089

Official members draw their travelling allowance from their respective Governments.

(iii) The total amount of the grants sanctioned by the Council from its research funds is as follows :—

	Rs.
1929-30	35,821
1930-31	17,60,435
1931-32 (upto 31st August 1931). .. .	24,75,318
	42,71,574

The schemes for which these amounts have been sanctioned will be spread over a number of years and the money will be disbursed by the Council from time to time as it is required.

PROTECTION OF INDIANS SETTLED IN BURMA.

73. THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD :

(i) Is it a fact that a deputation of Burma Indians waited on His Excellency the Viceroy on July the 1st, 1931, on the subject of the plight of Indians in Burma ?

(ii) Will the Government of India be pleased to state what steps, if any, they have taken to protect the life and property of Indians settled in Burma ?

THE HONOURABLE MR. H. W. EMERSON : (i) Yes.

(ii) I would first invite the Honourable Member's attention to the report of the Government of Burma, dated the 8th May, 1931, a copy of which has been placed in the library. Since then we have received a further report, a summary of which is laid on the table.

Summary of a report received from the Government of Burma.

The trouble between Burmans and Indians took an active form towards the end of February in the country lying on either side of the border between the Pegu and Toungoo districts. This local outbreak was not at first of a serious character, but communal feeling was inflamed by exaggerated accounts of it that appeared in the Press and elsewhere, and as a result a further outbreak occurred in this locality and later spread to Hanthawaddy district and to several districts of the Irrawaddy Division. The local Government and the District Officers took all measures possible to cope with the trouble. It must, however, be understood that the local conditions make it a matter of great difficulty to deal promptly

and effectively with sporadic acts of the nature that were committed. Lower Burma is comparatively sparsely populated. There are few villages, and these villages are separated by large tracts of paddy land. Dotted about among these paddy lands are small thatched huts occupied by cultivators of lands lying far from the village, and also stacks of straw which provide fodder for the cattle. It was, therefore, a simple matter for two or three Burmans to slip out on dark nights into the paddy fields and to apply a torch to these field huts and straw stacks. Preventive action was a matter of great difficulty as was also the detection of the culprits. Moreover, owing to the rebellion the forces at the disposal of the local Government were necessarily limited. Nonetheless the District Officers of the districts affected spent the greater part of their time on tour and did all that was possible to allay communal feeling. Military Police were placed at their disposal and, as a result of the measures taken, the trouble has been suppressed. Where this was considered desirable action was taken under the Village Act and collective fines were imposed on villagers.

Communal trouble has now largely died down and, although there are occasional attacks by Burmans on Indians and also on Chinese, there is reason to believe that the object of these attacks is not so much to satisfy communal feeling as to obtain loot. For the time being, confidence appears to have been restored among the Indian community, but they are naturally apprehensive in regard to what may happen in the future. The local Government will take every possible precaution to prevent a further outbreak.

2. The figures collected by the police up to the end of August show that in the districts affected there were 107 cases of dacoity and 65 cases of murder, in which the victims were Indians as compared with 27 dacoities and 14 murders for the whole of 1930. The outbreak was, therefore, a serious one, though fortunately it did not attain the dimensions attributed to it by some sections of the Press. In particular, the effect on emigration of Indians from Burma has not been so large as is generally supposed. A careful comparison of statistics shows that during the first 7 months of this year 187,000 Indians left Burma in comparison to 184,000 in the corresponding period of 1929.

PROVIDENT FUND FOR GOVERNMENT SERVANTS.

74. THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI : Will Government be pleased to state what decision, if any, they have arrived at in regard to the institution of a contributory Provident Fund for the benefit of Government servants ?

THE HONOURABLE MR. H. DENNING : Government have not yet come to a final decision, but certain tentative conclusions have been arrived at and a detailed examination is now proceeding.

DISCHARGE OF MR. H. N. SINHA, HEADMASTER OF THE EAST INDIAN RAILWAY HIGH SCHOOL AT KHAGAUL.

75. THE HONOURABLE MR. S. C. GHOSH MAULIK : (1) Is it a fact that Mr. H. N. Sinha, Headmaster, Khagaul, East India Railway High School (Dinapore), was discharged at a month's notice ?

(2) Is it a fact that no charges were framed against him and that no explanation was demanded of him as required under the Board rules ?

(3) Is it a fact that the Inspector of Schools, Patna Division, to whom the appeal was preferred, disapproved of the Committee's action and sent the case on to the Board of Secondary Education, Bihar and Orissa, for final decision ?

(4) If the answers to the above be in the affirmative, would Government be pleased to state what action, if any, they intend to take in this connection ?

THE HONOURABLE MR. J. C. B. DRAKE : I have called for the information and will communicate with the Honourable Member on its receipt.

RESOLUTIONS OF THE SEVENTH SESSION OF THE ALL-INDIA MEDICAL CONFERENCE HELD AT POONA, IN APRIL 1931.

76. THE HONOURABLE MR. S. C. GHOSH MAULIK : Will the Honourable Member in Charge be pleased to state whether he received copies of the resolutions passed at the All-India Medical Conference, Seventh Session, held at Poona on 25th, 26th and 27th April, 1931, concerning questions affecting medical services, public health and medical research? If the answer be in the affirmative, will the Honourable Member be pleased to state what steps Government propose to take in regard to the resolutions?

THE HONOURABLE MR. R. LITTLEHAILES : Yes. The resolutions are under consideration.

ALL-INDIA MEDICAL COUNCIL BILL.

77. THE HONOURABLE MR. S. C. GHOSH MAULIK : (1) Will the Honourable Member in Charge kindly state when Government proposes to introduce the Indian Medical Council Bill? Has the draft Bill been circulated for public opinion?

(2) Is it a fact that the Indian medical profession represented by the Indian Medical Association was not consulted or invited to the Conference, which was held by Government regarding this Bill?

(3) Has the attention of Government been drawn to a resolution passed by the All-India Medical Conference regarding the composition and functions of the Council?

THE HONOURABLE MR. R. LITTLEHAILES : (1) Government have drafted a Bill and circulated it to Local Governments for opinion. Further progress will depend on the nature of the replies received.

(2) Yes, but Medical Faculties of Indian Universities, on which the independent medical profession is represented, were requested to send representatives to the Conference, and three of those who attended it on behalf of those Faculties were actually independent medical practitioners.

(3) Yes.

RESOLUTION OF THE ALL-INDIA MEDICAL CONFERENCE HELD IN APRIL, 1931. SUGGESTING THE APPOINTMENT TO ANY SERVICE IN INDIA OF THOSE ONLY WHO ARE ON THE INDIAN MEDICAL REGISTER.

78. THE HONOURABLE MR. S. C. GHOSH MAULIK : Has the attention of Government been drawn to Resolution No. 4 passed at the All-India Medical Conference held at Poona on 25th, 26th and 27th April, 1931?

(2) If the answer be in the affirmative, will the Honourable Member be pleased to state what steps Government proposes to take in the matter? Will the attention of the representatives nominated by Government to the Round Table Conference be drawn to this matter?

THE HONOURABLE MR. R. LITTLEHAILES : (1) Yes.

(2) Government hope to establish shortly an organisation to look into the minimum standards of instruction, examination and qualification and if

it is created, it will take up this question. No action can be taken in the meantime.

STATUS OF LICENTIATES OF MEDICAL SCHOOLS OF INDIAN PROVINCES OR STATES.

79. THE HONOURABLE MR. S. C. GHOSH MAULIK : Is it a fact that the Licentiates of medical schools in the different Indian States are not given the same status as the Licentiates of medical institutions in British India ?

If not, will Government be pleased to state what the difficulties are to prevent their having the same status ?

THE HONOURABLE MR. R. LITTLEHAILES : Government have no information. Each Local Government determines for itself the status which is accorded in the territories to the Licentiates of Medical Schools of Indian provinces or States. It is for them to consider the points which this question raises.

RESERVATION OF POSTS IN THE MEDICAL RESEARCH DEPARTMENT FOR OFFICERS OF THE INDIAN MEDICAL SERVICE.

80. THE HONOURABLE MR. S. C. GHOSH MAULIK : (1) Will Government be pleased to state how many posts in the Medical Research Department have been reserved for members of the Indian Medical Service ?

(2) Is it a fact that at the Conference held in Simla in July, 1930, on the question of the creation of the Central Medical Research Institute, the reservation of posts for Indian Medical Service officers in the Medical Research Department was unanimously opposed by the non-official representatives attending the Conference ?

(3) Is it a fact that in the resolution moved by Mr. Jayakar in the Assembly, in accordance with which the above Conference was held in Simla in July, 1930, the question of the appointment of officers in the Indian Medical Research Department was one of the matters which was referred to the Conference for discussion ?

(4) Is it a fact that Sir Frank Noyce who presided at the Conference declined to allow the Conference to discuss the question of the posts in the Medical Research Department reserved for the I. M. S. officers ? Is it a fact that a large number of members at the Conference differed from the Chairman in regard to his ruling in this matter ?

THE HONOURABLE MR. R. LITTLEHAILES : (1) 18.

(2) The question was not discussed as it was ruled out of order.

(3) Yes.

(4) Yes. I may add that no undertaking was given that the question of the reservation of certain posts in the Medical Research Department for the members of the Indian Medical Service would be open to discussion and that when the point was raised at the Conference it was held that it was beyond the terms of reference to it.

[15TH SEPT. 1931.]

ESTABLISHMENT OF THE PROPOSED CENTRAL MEDICAL RESEARCH INSTITUTE.

81. THE HONOURABLE MR. S. C. GHOSH MAULIK : Will the Honourable Member in Charge be pleased to state what steps Government have taken in regard to the re-constitution and establishment of the Central Medical Research Institute as proposed by the Fletcher Committee ?

THE HONOURABLE MR. R. LITTLEHAILES : Some steps were taken and retraced, and now it appears that the scheme for the establishment of a Central Medical Research Institute will have to be postponed until the financial situation improves.

RECONSTITUTION OF THE GOVERNING BODY OF THE RESEARCH FUND ASSOCIATION.

82. THE HONOURABLE MR. S. C. GHOSH MAULIK : Will the Honourable Member be pleased to state whether, and if so what, steps have been taken to reconstitute the Governing Body of the Research Fund Association as recommended by the Conference held in Simla on July 21st and 22nd, 1930 ? If not, why not ?

THE HONOURABLE MR. R. LITTLEHAILES : The recommendations have been examined and proposals as to reconstitution framed.

RESOLUTIONS PASSED AT THE SEVENTH SESSION OF THE ALL-INDIA MEDICAL CONFERENCE HELD IN POONA IN APRIL, 1931.

83. THE HONOURABLE MR. S. C. GHOSH MAULIK : (1) Has the attention of Government been drawn to the Resolutions passed at the All-India Medical Conference ?

(2) If so, what action do they propose to take thereon ?

THE HONOURABLE MR. R. LITTLEHAILES : (1) Yes.

(2) The resolutions passed by the All-India Medical Conference are under consideration.

RELEASE OF THE LARGE STOCKS OF QUININE HELD BY THE GOVERNMENT OF INDIA.

84. THE HONOURABLE MR. S. C. GHOSH MAULIK : Will the Honourable Member be pleased to state what steps are being taken to release to provincial Governments the large stocks of quinine lying with the Government of India ?

THE HONOURABLE MR. R. LITTLEHAILES : The question of reducing the Government of India's stock of quinine is under consideration. It is hoped that Local Governments will be addressed shortly.

NATIONAL HEALTH INSURANCE FOR INDIA.

85. THE HONOURABLE MR. S. C. GHOSH MAULIK : Will the Honourable Member be pleased to state whether Government contemplate the appointment of a committee to investigate and formulate a scheme of National Health Insurance for India ?

THE HONOURABLE SIR JOSEPH BHORE : The Royal Commission on Labour has recommended the appointment of a Committee to examine the possibility of a Health Insurance Scheme for industrial workers. This recommendation will receive consideration by Government, but there is no proposal for a general scheme of National Health Insurance.

UTILISATION OF THERMAL SPRINGS IN INDIA.

86. THE HONOURABLE MR. S. C. GHOSH MAULIK : Will Government be pleased to state what steps have been taken to utilise thermal springs in India ?

THE HONOURABLE MR. R. LITTLEHAILES : Government have no information as to the steps taken to utilise thermal springs in India. The matter is one for the Local Governments.

ABOLITION OF THE POST OF PUBLIC HEALTH COMMISSIONER WITH THE GOVERNMENT OF INDIA.

87. THE HONOURABLE MR. S. C. GHOSH MAULIK : 1. Will Government be pleased to state if the Inchcape Committee recommended the abolition of the post of Public Health Commissioner with the Government of India ?

2. If so, will Government be pleased to state why the post has not yet been retrenched and also why the grade of the post has been raised from that of a Colonel to that of a Major-General with its added emoluments ?

THE HONOURABLE MR. R. LITTLEHAILES : 1. The Inchcape Committee recommended the amalgamation of the post of Public Health Commissioner with that of the Director-General, Indian Medical Service.

2. The recommendation was not accepted in view of the very great importance of the duties of the post of Public Health Commissioner, which were considered to necessitate its continuance as a separate post. It is not a fact that the post has been raised from the grade of Colonel to that of Major-General with higher emoluments. It carries a rate of pay which was fixed in March, 1921, and has not been altered since, though the present incumbent was promoted in 1929 to the supernumerary rank of Major-General, with consequent title to higher pension, as it would otherwise have been necessary to make him available for the post of Surgeon General, Bombay, which carries with it Major-General's rank.

DEPUTATIONS OF THE PUBLIC HEALTH COMMISSIONER OUT OF INDIA DURING THE YEARS 1929 AND 1930.

88. THE HONOURABLE MR. S. C. GHOSH MAULIK : Will Government be pleased to state how often the Public Health Commissioner has gone out of India, either on deputation or otherwise, during the years 1929 and 1930, respectively, giving the period of his absence out of India on each occasion and the reason thereof ?

THE HONOURABLE MR. R. LITTLEHAILES : A statement giving the information is laid on the table.

Statement showing the deputations of the Public Health Commissioner out of India during the years 1929 and 1930.

Year.	No. of deputations.	Period of absence on each occasion.	Place of deputation.	Reasons for absence.
1929 ..	2	(1) 28 days	America ..	To arrange (in America) on behalf of the Secretary of State for India for the Rockefeller gift of 17 lakhs towards the Public Health Institute, Calcutta.
		(2) 20 days. from 8-2-29 to 27-2-29.	Singapore ..	To attend a meeting of the Advisory Council of the Eastern Bureau, Singapore (as Chairman).
1930 ..	3	(1) One month and 8 days. From 6-2-30 to 13-3-30.	Java ..	To attend, as Chairman, a meeting of the Advisory Council of the Eastern Bureau, Singapore, which took place in Java at the invitation of the Dutch East Indies Government.
		(2) 2 months and 25 days. From 17-4-30 to 11-7-30.	Paris, Geneva and Algiers.	Deputation to the Office International d'Hygiene Publique in Paris, and Health Committee, Geneva, and to the International Malaria Conference at Algiers.
		(3) One month and 4 days. From 28-11-30 to 31-12-30.	Bangkok and Singapore.	Deputation to Far Eastern Association of Tropical Medicine Congress, the Leprosy Commission of the League of Nations at Bangkok and to the Advisory Council, Singapore.

NOTE.—1930 was exceptional in that two annual meetings of the Singapore Advisory Council were held in one calendar year (January and December); the International Malaria Conference and the two meetings at Bangkok were all extraordinary meetings. These were timed to follow each other so as to allow of attendance within as short a period as possible.

PARAGRAPH 34 OF THE PRESIDENTIAL ADDRESS DELIVERED AT THE SEVENTH ALL-INDIA MEDICAL CONFERENCE HELD IN POONA IN APRIL, 1931.

89. THE HONOURABLE MR. S. C. GHOSH MAULIK: Has Government's attention been drawn to paragraph 34 in the Presidential address delivered at the 7th All-India Medical Conference, held in Poona in April, 1931?

THE HONOURABLE MR. R. LITTLEHAILES: Yes.

CONSTITUTION OF THE GOVERNING BODY OF THE INDIAN RESEARCH FUND ASSOCIATION.

90. THE HONOURABLE MR. S. C. GHOSH MAULIK : (i) Will Government be pleased to state (a) if they have come to any conclusion with regard to the constitution of the Governing Body of the Indian Research Fund Association, and (b) if not, whether they intend to enlarge the representation of the Medical Faculties, the independent medical profession and of non-medical scientists on that body as recommended at the Conference held at Simla on the 21st and 22nd July ?

(ii) Will Government be further pleased to state when they hope to bring the matter up for the consideration of this House ?

THE HONOURABLE MR. R. LITTLEHAILES : (i) (a) and (b). A final decision on the recommendation made by the Conference held at Simla in July, 1930, with regard to the constitution of the Governing Body of the Indian Research Fund Association has not yet been reached.

(ii) It does not appear necessary to have the details of the constitution of the Governing Body discussed on the floor of the House.

DIRECTOR OF THE HAFKINE INSTITUTE, BOMBAY.

91. THE HONOURABLE MR. S. C. GHOSH MAULIK : Will Government be pleased to state :

(a) if the Director of the Haffkine Institute, Bombay, is appointed by or on the recommendation of the Department of Education, Health and Lands ?

(b) if it is true that eight different I. M. S. officers acted as Director of that Institute during the course of nine years, from January, 1921, to December, 1929, there being 11 changes of Directorships during this period, and on 8 out of these 11 occasions the Directorship was held by different officers for periods of not more than 10 months' duration at a time ; and

(c) if so, will Government be pleased to explain why such frequent changes were permitted ?

THE HONOURABLE MR. R. LITTLEHAILES : (a) Appointments to the post of Director, Haffkine Institute, Bombay, are made by the Governor General in Council.

(b) Yes, except that the post was held on four occasions by the same officer for 10 months or more.

(c) The frequent changes have been due to leave or to the selection of incumbents of the post for other important duties. Such changes are particularly liable to happen in the case of a Department with as small personnel as the Medical Research Department. These particular changes could not be avoided, but every effort will be made to reduce them in future.

MEMBERS OF THE COMMITTEES OR SUB-COMMITTEES ON RETRENCHMENT IN THE CENTRAL GOVERNMENT.

92. THE HONOURABLE RAI BAHADUR P. C. DUTT: 1. How many Committees or Sub-Committees have been formed by the Government of India to advise it on retrenchment of Central expenditure ?

2. Who selected the members of the Committees ?

3. Are all the Provinces represented on the Committees ?

4. What is the number of members Province by Province taking all the Provinces together ?

5. What allowances and remuneration are granted to the members ?

THE HONOURABLE MR. H. DENNING: 1. Seven. The main Advisory Committee and six Sub-Committees.

2. The main Committee was selected by the Legislative Assembly and the members of the Sub-Committees by the main Committee.

3. All except Burma and Assam.

4. Madras	..	..	..	6
Bombay	..	..	..	4
Bengal	..	..	..	10
United Provinces	..	..	..	6
Punjab	..	..	..	4
Bihar and Orissa	..	..	..	2
Central Provinces	..	..	..	1
North-West Frontier Province and Other Minor Administrations	..	..	..	2

5. Travelling allowance at 1-3/5 first class railway fares and daily allowance at Rs. 20 for halts on committee work.

DELEGATES TO THE ROUND TABLE CONFERENCE.

93. THE HONOURABLE RAI BAHADUR P. C. DUTT: (i) What is the number of delegates invited to the Round Table Conference from British India ?

(ii) What is the number of delegates Province by Province ?

(iii) Has any request been received by the Viceroy or the Government of India for additional representation from Assam ?

(iv) Is the delegate invited from Assam and Assamese Hindu ?

THE HONOURABLE SIR JOSEPH BHOORE : (i) to (iv). I place on the table a statement showing the names of the members from British India nominated by the Prime Minister to attend the resumed meetings of the Indian Round Table Conference in London and their places of residence in India. Those against whose names an asterisk has been placed were not members of the last Conference. The selection of delegates for the Round Table Conference is not primarily the concern of the Governor General in Council.

List of Members nominated by the Prime Minister to attend the resumed meetings of the Indian Round Table Conference

Names.	Places of Residence in India.
1. H. H. the Aga Khan, G.C.S.I., G.C.I.E., G.C.V.O. ..	Bombay.
2. Nawab Sir Sahibzada Abdul Qaiyum Khan, K.C.I.E.	Peshawar.
3. Sir C. P. Ramaswami Aiyar, K.C.I.E.	Madras.
4. *Sir Saiyid Ali Imam, K.C.S.I.	Patna.
5. Dr. B. R. Ambedkar	Bombay.
6. U Ba Pe	Rangoon.
7. Srijut Chandradhar Barooah	Jorhat (Assam).
8. Mr. J. N. Basu	Calcutta.
9. *Mr. E. C. Benthall	Calcutta.
10. Sir Shah Nawaz Khan Bhutto, C.I.E., O.B.E.	Larkana (Sind).
11. Rai Bahadur Kunwar Bisheshwar Dayal Seth	Biswan (Sitapur, U. P.).
12. Sir Hubert Carr.. ..	Calcutta.
13. Mr. C. Y. Chintamani	Allahabad.
14. *Sir Manakji Dadabhoy, K.C.I.E.	Nagpur.
15. Maharajadhiraja of Dharbhanga	Dharbhanga (B. and O.).
16. *Maulana Shafi Daudi	Patna.
17. *Dr. S. K. Datta	Calcutta.
18. Sir Oscar deGlanville, C.I.E., O.B.E.	Rangoon.
19. Mr. Fazl-ul-Huq	Calcutta.
20. *Mr. M. K. Gandhi	Ahmedabad.
21. Mr. M. M. Ohn Ghine	Rangoon.
22. Mr. A. H. Ghuznavi	Calcutta.
23. Sir Ghulam Hussain Hidayatullah	Bombay.
24. Lieut.-Colonel Sir Henry Gidney	Calcutta.
25. *Sir Padamji Ginwala	Bombay.
26. *Mr. V. V. Giri	Madras.
27. Khan Bahadur Hafiz Hidayat Husain	Cawnpore.
28. *Sir Muhammad Iqbal	Lahore.
29. *Mr. A. Rangaswami Iyengar	Madras.
30. Mr. B. V. Jadhav	Bombay.
31. Mr. M. R. Jayakar	Bombay.
32. Sir Cowasji Jehangir (Junior), K.C.I.E., O.B.E.	Bombay.
33. Mr. M. A. Jinnah	Bombay.
34. Mr. T. F. Gavin Jones	Cawnpore.
35. Mr. N. M. Joshi	Bombay.
36. *Pandit Madan Mohan Malaviya	Allahabad.
37. *The Hon'ble Nawab Sahibzada Sir Sayed Muhammad Mehr Shah	Jhelum District.

*Those against whose names an asterick has been placed were not members of the Conference last year.

Names.			Places of Residence in India.
38. The Hon'ble Sir P. C. Mitter, C.I.E.	..	..	Calcutta.
39. Mr. H. P. Mody	..	..	Bombay.
40. Dr. B. S. Moonje	..	..	Nagpur.
41. Diwan Bahadur A. Ramaswami Mudaliar	..	..	Madras.
42. The Hon'ble Captain Nawab Sir Muhammad Ahmad Said Khan, Nawab of Chhitari, K.C.I.E., M.B.E.			Lucknow.
43. Sir Muhammad Shafi, K.C.S.I., C.I.E.	..	..	Lahore.
44. *Mrs. Sarojini Naidu	..	..	Bombay.
45. Diwan Bahadur Raja Narendra Nath	..	..	Lahore.
46. Dr. Narendra Nath Law	..	..	Calcutta.
47. *The Hon'ble Sayed Muhammad Padshah	..	..	Madras.
48. Rao Bahadur A. T. Pannirselvam	..	..	Tanjore.
49. Raja of Parlakimedi	..	..	Parlakimedi (Madras Presidency).
50. Rao Bahadur Sir A. P. Patro	..	..	Madras.
51. Diwan Bahadur M. Ramachandra Rao	..	..	Ellore (Madras Presidency).
52. Sardar Sampuran Singh	..	..	Lyallpore (Punjab).
53. Sir Tej Bahadur Sapru, K.C.S.I.	..	..	Allahabad.
54. The Right Hon'ble Srinivasa Sastri, C. H.	..	..	Madras.
55. Sir Chimanlal Setalvad, K.C.I.E.	..	..	Bombay.
56. Sir Pheroze Sethna, O.B.E.	..	..	Bombay.
57. Dr. Shafat Ahmad Khan..	..	..	Allahabad.
58. Begum Shah Nawaz	..	..	Lahore.
59. *Maulana Shaukat Ali	..	..	Bombay.
60. Captain Raja Sher Muhammad Khan of Domeli			Jhelum District.
61. Mr. B. Shiva Rao	..	..	Madras.
62. M. R. Ry. Rao Bahadur R. Srinivasan Ayl.			Poonamallee Cantonment (Madras Presidency).
63. Mrs. Subbarayan	..	..	Madras.
64. Sir Sayed Sultan Ahmed..	..	..	Patna.
65. Mr. Shripad Balwant Tambe	..	..	Nagpur.
66. U Aung Thin, K.S.M.	..	..	Mandalay.
67. *Sir Purshotamdas Thakurdas, C.I.E., M.B.E.	..	..	Bombay.
68. Sardar Sahib Sardar Ujjal Singh	..	..	Mianchannu (Punjab).
69. Sir Edgar Wood	..	..	Madras.
70. Mr. Zafrullah Khan	..	..	Lahore.

*Those against whose names an asterick has been placed were not members of the Conference last year.

NUMBER OF THE ASSAMESE AND BENGALI SPEAKING POPULATION OF ASSAM.

94. THE HONOURABLE RAI BAHADUR P. C. DUTT: What is the number of Assamese speaking and what is the number of Bengali speaking people in Assam according to the Census of 1921 and according to the Census of the present year ?

THE HONOURABLE MR. H. W. EMERSON: The Assamese and Bengali speaking population in Assam numbered 1,725,860 and 3,525,923

respectively in 1921. The figures at the present census are not yet ready as the compilation by language has not been completed for Assam.

EXTENSION OF PASSAGE CONCESSIONS TO NON-SUPERIOR OFFICERS OF NON-ASIATIC DOMICILE UNDER THE CENTRAL GOVERNMENT.

95. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Will Government kindly state whether they have recently notified the extension of concessions similar to those granted to the Superior Services on the report of the Lee Commission? If so, what is the scheme of such concessions? How much additional expenditure would it involve? Why was the scheme not held over pending the recommendations of the Retrenchment Committee?

THE HONOURABLE MR. H. W. EMERSON : The Honourable Member is evidently referring to the orders contained in the Home Department Office Memorandum No. F-10/4/30-Establishments, dated the 6th August, 1930, a copy of which has been placed in the library. These orders give to certain classes of non-superior officers of non-Asiatic domicile serving under the Central Government passage benefits on the lines of those granted to Superior Services on the recommendation of the Lee Commission, but at lower rates. I am afraid it is not possible to give an estimate of the cost, because the number of officers who will be eligible is not known and because the number of passages to which an eligible officer may be entitled depends upon his age and domestic circumstances. The scheme was sanctioned several months before it was decided to appoint a Retrenchment Committee.

RETRENCHMENT ON STATE RAILWAYS.

96. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Will Government kindly state how many (a) officers, (b) subordinates, (c) clerks from each of the communities, Hindus, Muslims, Sikhs, Indian Christians, Anglo-Indians, Parsis and Europeans have been retrenched on each of the State Railways during the present financial year from 1st April, 1931 to 1st August, 1931? Out of them how many from each community were temporary hands, and how many permanent hands have been made to retire before the completion of 30 years' service or of 55 years of age?

THE HONOURABLE MR. J. C. B. DRAKE : I am seeing what information can be obtained from railway administrations without imposing on them too much labour and will communicate later with the Honourable Member.

RETRENCHMENT ON THE NORTH WESTERN RAILWAY.

97. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Is it a fact that the retrenchment on the North Western Railway was carried on in such a way that the proportion of Muslims in the services was sought to be increased by retaining in service even temporary hands belonging to the Muslim community and confining retrenchment operations more or less to the non-Muslims. If the answer be in the affirmative, the principle on which this retrenchment has been carried out may kindly be explained.

THE HONOURABLE MR. J. C. B. DRAKE : Retrenchment has been carried out on the North Western Railway in such a way as to leave the relative strength of the various communities practically at what it was before the

retrenchment. A statement giving the number of men of various communities discharged is being sent to the Honourable Member.

ERRORS IN THE SURVEY OF THE BAHAWALPUR AREA OF THE SUTLEJ VALLEY IRRIGATION PROJECT.

98. THE HONOURABLE RAI BAHADUR JALA RAM SARAN DAS : Is it a fact that the survey done by the Survey of India Department in the Bahawalpur Circle of the Sutlej Valley Irrigation Project in the Punjab has proved erroneous and that as a result of this the Punjab Irrigation Department has suffered a loss of a couple of lakhs of rupees ? Will Government kindly state whether they have taken or intend taking adequate steps to prevent such errors creeping into surveys in future ?

THE HONOURABLE MR. R. LITTLEHAILES : Such information as Government already possess on this subject is to the effect that certain errors were made in this survey but that they are not nearly so serious as this question suggests. The matter is being enquired into, and any action which may be necessary will be taken.

IMPORT OF FOREIGN WHEAT INTO INDIA.

99. THE HONOURABLE KHAN BAHADUR CHAUDRI MUHAMMAD DIN : Will Government kindly state :

- (a) The amount of foreign wheat imported free of duty during the current financial year ?
- (b) The amount of Australian wheat imported into Calcutta since 1st April, 1931 ?
- (c) The amount of wheat imported into Calcutta from the Punjab during the same period ?
- (d) Do Government propose to take steps to stop the import of foreign wheat ?

THE HONOURABLE MR. J. C. B. DRAKE : (a) 116,461 tons of foreign wheat were imported into India free of duty during the period from the 20th March, 1931-- the date when the Wheat (Import Duty) Act came into force to the 20th August, 1931.

(b) 80,669 tons up to the 5th September, 1931.

(c) The total quantity of Indian wheat imported into Calcutta from the 1st April to the 5th September was 54,059 tons. Most of this wheat came from the Punjab.

(d) The effect of the Wheat (Import Duty) Act has been to stop imports of foreign wheat other than the wheat exempted under section 3.

PURCHASE OF STORES FOR STATE RAILWAYS THROUGH THE INDIAN STORES DEPARTMENT.

100. THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD : (a) Has the Southern India Chamber of Commerce in the course of a memorandum addressed to the Government of India, submitting proposals for effecting economy in the railway administration, suggested that all railway administrations should pass their orders for the purchase of stores through a central

agency, say the Indian Stores Department, as this would enable them to dispense with a great deal of establishment ?

(b) Through what agency do the administrations of State-managed railways at present make their purchases ?

(c) Is it the intention of the Government of India to ask the Agents of the State-managed railways to make their purchases through the Indian Stores Department both in the interests of economy and the development of indigenous industries ?

THE HONOURABLE MR. J. C. B. DRAKE : (a) No. But in an interview which they had with a Member of the Railway Board the Southern India Chamber of Commerce suggested the extended use of the Indian Stores Department, more particularly by the two Company-managed Railways in the south of India.

(b) (i) The Indian Stores Department.

(ii) The India Store Department, London.

(iii) The Boards of Directors of Company-managed railways.

(iv) Railway Administrations in India.

(c) The policy of Government with regard to the purchase of material for Railways by the Indian Stores Department was described in a speech made by the Honourable Sir Charles Innes in this House on the 24th of February, 1927. Since that date the value of stores purchased by State-managed Railways has largely increased. For information regarding the value of purchases made through that Department I would refer the Honourable Member to paragraph 78 on page 50 of volume I of the Report by the Railway Board on Indian Railways for 1929-30.

REMISSION OF LAND REVENUE OWING TO THE FALL IN PRICES OF AGRICULTURAL PRODUCE.

101. THE HONOURABLE KHAN BAHADUR CHAUDRI MUHAMMAD DIN :

1. Is it a fact that the Provincial Governments had to remit a considerable amount of Rabi land revenue owing to the serious fall in the prices of agricultural produce ?

2. What steps do Government propose to take to enforce a moratorium in respect of the liabilities of agriculturists ?

THE HONOURABLE MR. R. LITTLEHAILES : 1. Yes, several.

2. The action suggested by the Honourable Member on examination has not been found to be suitable.

EXCHANGE VALUE OF THE RUPEE.

102. THE HONOURABLE KHAN BAHADUR CHAUDRI MUHAMMAD DIN :

(1) Has the attention of Government been drawn to the general complaint that the present exchange value of the rupee has contributed very largely to the deterioration of the economic conditions of India ?

(2) What steps do Government propose to take for stabilizing the exchange value of Indian currency and for improving the price of silver ?

THE HONOURABLE MR. H. DENNING : (1) The Government of India are aware that this erroneous impression exists in certain quarters.

(2) The exchange value of the rupee has already been stabilised by the Currency Act of 1927. As regards silver, a reference is invited to paragraphs 80—82 of the Honourable the Finance Member's speech introducing the Budget for 1931-32.

**TRANSFER OF THE CONTROL OF THE CIVIL ADMINISTRATION OF ADEN TO THE
(GOVERNMENT OF INDIA.)**

103. THE HONOURABLE MR. H. M. MEHTA : (a) Is it a fact that the Government of India are considering the question of the transfer of the control of the Civil Administration of Aden from the Government of Bombay to the Government of India ?

(b) If the answer to (a) above is in the affirmative, will Government be pleased to state the reasons underlying such a proposal ?

THE HONOURABLE MR. H. W. EMERSON : (a) Yes.

(b) I cannot do better than repeat in this House the answer by the Bombay Government to a similar question in the Bombay Legislative Council on 1st August, 1931 :

“ In reply to a question put by Mr. Husseinbhai Laljee in the second session of the Bombay Legislative Council, 1929, on the subject of the transfer of Aden control he was informed as follows :—

‘ The question of the transfer has been mooted and is under discussion with the Government of India. While no decision have been arrived at regarding it the Government of Bombay consider that from the point of view of the administration of Aden and of the finances of the Presidency the scheme has considerable advantages.’ Since then the Government of Bombay have been in correspondence with the Government of India on the subject. The administrative difficulties with which the Resident at Aden and the Government of Bombay have been confronted are summarised in paragraphs 2 and 6 of the memorandum on the Civil Administration of Aden, copies of which have been supplied to the members of the Legislative Council, the Press and certain public bodies in Bombay. A copy of the memorandum is now placed on the Council table.

After consideration of various alternatives, the Government of Bombay have come to the conclusion that the most direct and satisfactory solution of the difficulties arising from divided control is that Aden while retaining its special connection with the Bombay Government to whom it would look, as in the past, for a supply of officers and administrative personnel, should cease to form part of the Bombay Presidency, and should be formed into a Chief Commissionership under the direct control of the Government of India.

Before taking definite steps in this direction it was considered desirable to place all the implications of the position before the public specially interested in the matter and to that end the memorandum on Aden referred to above was prepared and issued to the Press, to all Members of this House and the Associations and bodies concerned both here and in Aden. Apart from the

administrative difficulties which the present arrangement entails, and which are discussed in the memorandum, one of the main considerations for the Government of Bombay at the present time is dictated by the extreme financial stringency which makes it difficult to view with equanimity the probability of an extra two lakhs or more of expenditure being transferred almost immediately from Central to Provincial Revenues under the existing constitution. The delay in placing the full facts before the House has been mainly due to the fact that Aden has no separate budget and that it has been found necessary to prepare special *pro forma* accounts for the purpose.

Now that the financial position has been clarified the Government of Bombay, supported it is hoped by all responsible opinion in the Presidency, propose to press for the transfer of Aden at once under the powers vested in the Governor General in Council with the approval of the Secretary of State under section 59 of the Government of India Act."

The Government of India have nothing to add to this statement of the Government of Bombay except that they are in entire accord with that Government. The memorandum referred to in that statement is placed on the table and has appeared in the Press.

MEMORANDUM ON THE CIVIL ADMINISTRATION OF ADEN.

1. *Introductory Remarks.*—Some years ago considerable excitement was aroused in political circles in India by the rumour that the connection between Aden and India, which began in 1839, was to be severed by order of His Majesty's Government and that the control of Aden affairs was to be transferred to the Colonial Office. Assurances were consequently given both in the Legislative Assembly at Delhi and the Bombay Legislative Council that no change in the position affecting Indian interests would be made until an opportunity had been given for discussion of any project which might be under consideration.

2. The connection between Aden and British India began in 1839 when an expedition under Major Baillie took possession of what was then only a barren rock, and founded a Settlement there. This was treated as part of British India and included for administrative purposes in the Presidency of Bombay. But since the Settlement commanded the harbour, which is the natural centre of trade for the adjoining parts of Arabia and Africa, it was impossible for its affairs to be conducted without relation to the Arab tribes dwelling in the hinterland. The Resident at Aden consequently entered into relations with these tribes and with the rulers of remoter places such as Makalla and Shehr, Socatra, etc. To the tribes of the hinterland were extended guarantees of favour and protection in return for reciprocal undertakings. In those days Turkey claimed sovereignty over nearly the whole of the Arabian Peninsula and the development of relations between Aden and the adjoining peoples and rulers consequently brought His Majesty's Government into contact with the Turkish Empire. As a result of prolonged negotiations a joint Anglo-Turkish boundary Commission was appointed and in 1904-05 the boundary of the Hinterland or Protectorate, as it now began to be called, was demarcated. It was agreed on the one side that the Aden authorities should have no dealings with any indigenous ruler under Turkish suzerainty beyond the boundary then fixed, and on the other, that the Turks should not concern themselves with affairs inside that boundary. Matters continued thus until the outbreak of the Great War in 1914, when the Turks invaded the Protectorate and endeavoured to blockade the Settlement. For strategic reasons the direction of operations against this menace was transferred from Army Headquarters in India to the London War Office in 1917 and control of political relations with the Aden tribes and rulers necessarily accompanied this strategic transfer. The civil Administration of the Settlement as part of the Bombay Presidency was in no way affected by this change. After the war it was suggested that this too might be transferred, but the

Indian Government objected and the project was dropped. Matters remained there until 1927, when after much correspondence about the incidence of Aden expenditure, the arrangements of 1917, originally adopted as a war measure, were confirmed, and administrative as well as strategic control of the units composing the Aden garrison was also vested in His Majesty's Government. The present position, therefore, is :—

- (1) the Aden Settlement to which Indian interests are confined, remains part of British India, included in the Bombay Presidency,
- (2) the affairs of the Protectorate, in which India is not concerned, are dealt with by the Resident who is also chief executive officer of the Settlement and Commander-in-Chief of the forces, under orders from the Colonial Office in London,
- (3) administrative and strategic control of the military and air forces in Aden is under the War Office in London.

The Resident is consequently under three authorities, namely :—

- (1) the Government of Bombay,
- (2) the Government of India, and
- (3) His Majesty's Government in London,

an arrangement which makes smooth and efficient working very difficult.

3. The area of the Settlement of Aden is 75 square miles, the population in 1921 was about 53,000. The racial composition of the population is as under :—

Arabs	..	..	..	..	..	..	31,612
Indians	..	..	..	..	..	..	5,594
Jews	..	..	..	..	..	..	4,408
Somalis	—	—	..	..	..	..	6,551
Miscellaneous	—	—	—	..	..	..	4,867
Total							53,032

The Island of Perim has an area of about 5 square miles and a population of 2,075. The Aden Protectorate comprises an area of about 9,000 square miles and has an estimated population of 656,400.

4. *Administration*.—The chief executive officer (i.e., the Resident and Commander-in-Chief) has under him three Assistant Residents, the first and the third being officers of the Indian Political Department, and the second, an officer appointed by the Colonial Office in London, who is also the Protectorate Secretary. Judicial work is performed by a Judicial Assistant who is a member of the Indian Civil Service and is an Additional Sessions Judge. The Police are under the control of an officer of the Indian Police Service. The Island of Perim is also under the administration of the Resident. The civil administration generally follows the lines in force in India.

5. *Finances*.—Until 1900 the entire civil and military expenditure in connection with Aden was borne by India, although as early as 1886, the Government of India urged the propriety of the expense of Aden being divided between Great Britain and India. In 1895 the Welby Commission was appointed to examine the question. They recommended that the equity of the case would perhaps be met if the United Kingdom were to contribute one-half of the military charges. As a result of these recommendations His Majesty's Government made with effect from the 1st April, 1901, a net annual contribution of £72,000 to Indian revenues towards the military charges of Aden, which continued up to 1927. With effect from 1st April, 1927, His Majesty's Government have become responsible for the whole of the political and military expenditure of Aden, subject to an annual contribution of £250,000 from the Government of India for the first three years, to be reduced thereafter to £150,000 or a third of the total cost whichever may be less.

Civil expenditure in Aden is borne partly by the Government of Bombay and partly by the Government of India. The figures of revenue and expenditure (Provincial and Central) are as follows :—

(a) *Provincial.*

			Accounts.		Revised Budget.		Average.
			1927-28.	1929-30.	1929-30.	1930-31.	
			Rs.	Rs.	Rs.	Rs.	Rs.
Receipts	..	..	4,29,900	4,73,100	5,20,000	4,78,000	4,75,300
Expenditure	..	..	3,74,000	4,78,400	4,94,400	5,22,400	4,67,300
Surplus	..	..	55,900	—5,300	25,600	—44,400	8,000

(b) *Central.*

Receipts	..	..	3,16,600	612,700	6,29,600	5,54,600	5,28,400
Expenditure	..	..	9,95,200	7,44,600	6,72,600	8,75,900*	8,22,100
Deficits	..	..	6,78,600	1,31,900	43,000	3,21,300	2,93,700

* Includes Hospital Scheme not in budget.

In the above figures "Interest on ordinary Debt"—Central—has been excluded, and due allowance made for pensionary liabilities accruing against Government and for items of expenditure in 1930-31 sanctioned after the Budget was passed.

The Provincial expenditure includes a sum of Rs. 2.26 lakhs (roundly) on police, in addition to which His Majesty's Government have agreed to contribute a sum of £8,000 per annum and the Government of India a sum of Rs. 42,000 per annum towards the reorganised police force. This point will be adverted to later.

The expenditure charged under "Central" includes at present certain heads such as Education, Medical, Public Health and General Administration. These items are being Rs. booked under the head "29—Political". The amount involved in these items varied approximately Rs. 2,26,000 to Rs. 3,65,000 during the years 1927-28 to 1930-31. The propriety of debiting to the Central Government items of expenditure which are really "Provincial" in nature is under consideration, and the adjustments which may become necessary will convert the small precarious Provincial surplus to a substantial deficit varying from 2 to 3 lakhs or more.

* Including Rs. 60,000 for Civil Hospital under 41 C. W. Central.

6. *Difficulties of the position.*—As already explained the relation of the Resident to three different authorities leads to delay and diffusion of energy. Moreover the strategic and political importance of Aden renders it obligatory from an imperial point of view that a high standard of civil administration should be maintained there. It is necessary to spend on the Police, in view of the isolation of Aden from the rest of India, and its peculiar geographical position, considerably more than would have been required had Aden been on the mainland of India. A contribution towards this expenditure has no doubt been secured from His Majesty's Government and the Government of India, but the administration of the force involves unnecessary correspondence, as the Resident has often to obtain the

sanction of three different authorities. Proposals for aid from Central Revenues are constantly put forward and although the Government of India are convinced in some of these cases that there is justification for regarding a portion at least of the expenditure as of Central rather than provincial concern, difficulties arise under the present constitutional arrangements as the Government of India cannot incur expenditure on provincial subjects. Experience has shown that the overlapping of responsibilities and functions under the present system can only lead to delay and has resulted in what one authority called "the stagnation of Aden". It is unfair to expect the Government of Bombay, whose interest in Aden arises largely out of historical association, to spend their provincial revenues for the improvement of a distant out-post and raising its administration to a standard befitting a nodal point of the Empire. The present small surplus which the Government of Bombay secures from Aden is doubtful and is likely to be converted into a substantial deficit as a result of the investigation into the classification of some of the items of expenditure now charged to Central Revenues. With the growing demands of Aden, Aden is therefore bound to become an increasing burden on provincial revenues.

PURCHASE BY THE STATE OF THE BENGAL AND NORTH WESTERN RAILWAY.

104. THE HONOURABLE MR. H. M. MEHTA : (a) Is it a fact that under the agreement with the Bengal and North Western Railway the Secretary of State for India has an option to purchase the Railway on 31st December, 1931, on giving 12 months' previous notice ?

(b) Is it a fact that the next option to take over the line under the agreement with the Railway does not occur for a period of 50 years, that is until 1982 ?

(c) Is it a fact that this Railway has in recent years distributed ordinary dividends including bonus as under :

1922-23 at 11%,

1923-24 at 13%,

1924-25 at 14%,

1925-26 at 16%,

1926-27 at 18%,

1927-28 at 19%,

1928-29 at 19% ?

(d) Is it a fact that in addition to paying the above dividends the Company's reserves have, within the last six years, been increased from £1,800,000 to £3,150,000, being actually in excess of its ordinary capital which is £300,000 ?

(e) Is it a fact that various public bodies have drawn the attention of Government to the prosperous condition of this Railway as revealed by the figures in questions (c) and (d) above, and advocated the purchase of this Railway by Government under the option referred to in question (a) ?

(f) Will Government be pleased to state what action they have taken or propose to take in the matter ?

THE HONOURABLE MR. J. C. B. DRAKE: (a) The Secretary of State has an option to purchase the Bengal and North Western Railway on the 31st December, 1932, on giving 12 months' previous notice.

(b) The next option is 49 years later, *i.e.*, in 1981.

(c) Yes. I would point out, however, that the ordinary (profit-sharing capital of the Company is only £3 million whereas the total capital outlay is over £8 million, the balance being met from preference capital, debentures and reserves.

(d) This is correct, taking all reserves, including sinking and other similar funds together. The ordinary capital of the Company is £3 million, not £300,000 as stated.

(e) Yes.

(f) A resolution on the subject will be placed before the Legislative Assembly in the course of the present Session.

DEATH OF MAHARAJA SIR MUHAMMAD ALI MUHAMMAD KHAN OF MAHMUDABAD.

THE HONOURABLE THE PRESIDENT: Before we proceed to further business I have to ask Honourable Members to associate themselves with me in an expression of our regret and sorrow at the recent death of one of our colleagues. I am referring of course to Maharaja Sir Muhammad Ali Muhammad Khan of Mahmudabad. The late Maharaja had a long record of public service as an official and as a non-official. Upon the conclusion of his period of office as a Member of the United Provinces Government he sought admission to this Council five years ago and he had been a Member here ever since. Possibly owing to pressure of other duties and most certainly owing to ill-health, particularly within the last year or so, the Maharaja was prevented from attending to his duties in this Council with the regularity which I know he would himself have desired. His death occurred when I was in England and I think it was a great tribute to his memory and a remarkable recognition of his public services that within a day or two one of the most prominent English journals appeared with an obituary notice of some considerable length. I am sending to the members of his bereaved family, and I am sure I am doing so with the full concurrence of the Council, a message conveying our deep sympathy.

MOTION FOR THE ELECTION OF TWO NON-OFFICIAL MEMBERS TO THE STANDING COMMITTEE FOR THE DEPARTMENT OF INDUSTRIES AND LABOUR.

THE HONOURABLE SIR JOSEPH BHOORE (Industries and Labour Member): Sir, I beg to move that this Council do proceed to elect, in such manner as the Honourable the President may direct, two non-official Members to serve on the Standing Committee to advise on subjects, other than "Roads" and "Broadcasting", dealt with in the Department of Industries and Labour.

The motion was adopted.

MOTION FOR THE ELECTION OF A MEMBER TO THE GOVERNING BODY OF THE IMPERIAL COUNCIL OF AGRICULTURAL RESEARCH.

THE HONOURABLE MR. R. LITTLEHAILES (Educational Commissioner): Sir, I beg leave to move the motion standing in the name of the Honourable Mr. Reid, who is, I regret to say, ill.

THE HONOURABLE THE PRESIDENT: The rules regarding procedure with reference to motions of this nature are, as the House knows, very scanty. If this were a matter of a Resolution, I doubt whether it would be within the power of the Chair, except in special circumstances, to allow the motion to be moved by an Honourable Member in whose name it did not stand. But with regard to this motion, particularly having regard to the lack of importance perhaps of the motion, I see no reason why the Honourable Mr. Littlehailes should not place the business before the House.

THE HONOURABLE MR. R. LITTLEHAILES: Sir, I beg to move that this Council do proceed to elect, in such manner as the Honourable the President may direct, one Member to sit on the Imperial Council of Agricultural Research and its Governing Body in place of the Honourable Sir C. P. Ramaswami Ayyar.

I would just like to mention that the vacancy has occurred owing to the appointment of the Honourable Sir C. P. Ramaswami Ayyar as a Member of the Governor General's Executive Council.

The motion was adopted.

THE HONOURABLE THE PRESIDENT: With reference to both those motions adopted by the House, I direct that nominations shall be receivable by the office up till 11 o'clock on next Monday morning, September the 21st. An announcement will then be made as to the date of election, should an election prove necessary.

ASSENT OF THE GOVERNOR GENERAL TO BILLS.

SECRETARY OF THE COUNCIL: Sir, information has been received that His Excellency the Governor General has been pleased to grant his assent to the following Bills which were passed by the two Chambers of the Indian Legislature during the Delhi Session, 1931, namely :-

The Punjab Criminal Procedure Amendment (Supplementary) Act, 1931.

The Steel Industry (Protection) Act, 1931.

The Gold Thread Industry (Protection) Act, 1931.

The Indian Income-tax (Amendment) Act, 1931.

The Indian Territorial Force (Amendment) Act, 1931.

The Auxiliary Force (Amendment) Act, 1931.

The Cantonments (Amendment) Act, 1931.

The Indian Naval Armament (Amendment) Act, 1931.

The Indian Merchant Shipping (Amendment) Act, 1931.

The Vizagapatam Port Act, 1931.

The Indian Ports (Amendment) Act, 1931.

The Indian Reserve Forces (Amendment) Act, 1931.

The Indian Factories (Amendment) Act, 1931.

The Salt (Additional Import Duty) Act, 1931.

The Wheat (Import Duty) Act, 1931.

CONGRATULATIONS TO THE HONOURABLE MR. H. W. EMERSON ON THE HONOUR CONFERRED ON HIM.

THE HONOURABLE THE PRESIDENT: I am tendering on behalf of the House to the Honourable Mr. Emerson our warm congratulations on the honour conferred upon him on the occasion of His Majesty's recent birthday. (Applause.) The honour of course refers to Mr. Emerson's duties outside this House as well as in : but here and elsewhere his public services of late have been so prominent that it would be superfluous for me to detail them. Indeed Mr. Emerson of late has been so much in the public eye that I may tell the House that during my recent absence in England, or at all events during a certain period of that absence, I rarely took up the morning paper and opened it without learning from its contents what Mr. Emerson had been doing on the previous day. We tender our warmest congratulations to him and our hope that he may receive still higher honours.

THE HONOURABLE MR. H. W. EMERSON (Home Secretary): Sir, I would like to express my grateful thanks for and appreciation of your very kind congratulations, and my thanks to the House for its association with them.

STATEMENT OF BUSINESS.

THE HONOURABLE SIR JOSEPH BHOORE (Leader of the House): I regret, Sir, that owing to the course of events elsewhere Government will not be in a position to bring forward any official business this week. The list of non-official business for to-morrow is already in Honourable Members' hands and I hope that on Monday next, which is also a non-official day, I shall be in a position to make a statement regarding the further course of Government business.

The Council then adjourned till Eleven of the Clock on Wednesday, the 16th September, 1931.



COUNCIL OF STATE.

Wednesday, 16th September, 1931.

The Council met in the Council Chamber at Viceregal Lodge at Eleven of the Clock, the Honourable the President in the Chair.

MEMBER SWORN :

The Honourable Mr. Ram Chandra, M.B.E. (Joint Secretary, Department of Education, Health and Lands).

RESOLUTION *RE* STABILISATION OF EXCHANGE AT 1s. 4d.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD (United Provinces Northern : Non-Muhammadan) : Sir, I beg to move the following Resolution :

“That this Council recommends to the Governor General in Council to revise his exchange policy so as to stabilise the rupee at 1s. 4d.”

I presume, Sir, it is well known to the Honourable Members of this House by now that I do not represent the mill interests of Bombay nor am I a professional exchange hobbyist, nor, of course, do I belong to that category of people who might be called the arm-chair economists who do a lot of theorising from their pulpit in the class-room. Not professing any one of those faiths, if still I have chosen to trespass into a domain where experts fear to tread, and advocate the reversal of the exchange policy that was adopted by the Government with the help of, if I may say so, commandeered votes 4½ years ago, I do so because as a result of a dispassionate study of this question from all authentic evidence, I have honestly come to the conclusion that the present exchange policy of the Government has meant red ruin all round ever since it was adopted, has been more and more impossible to maintain in recent times and has put a severe strain on the money market as well as on the financial resources of the Government of India.

Sir, I do not propose to bore the House by inflicting a long speech on a subject of such a highly technical character, and so I shall put my main arguments before you as briefly as I can. In answer to a question that was put in the other House at the time of the last Delhi session of the Indian Legislature, the Honourable the Finance Member laid a statement on the table, showing the highest and lowest quotations regarding the rate of exchange, month by month, from April, 1927 up to January last which shows that since the rupee was officially pegged at 1s. 6d. by Statute in 1927, only in ten months out of 46 has the highest rate reached the statutory ratio ; the minimum has reached that level only in six casual months out of 46 months. I hope the Finance Secretary in his reply to the debate would relate an account of the exchange position during the last eight months. I am positively sure the position has grown very much

[Lala Jagdish Prasad.]

worse now than what it was early in the year, especially with regard to all forward transactions as bankers realising the inevitable force of economic circumstances do not want to commit themselves to any future payments at the statutory rate of exchange.

This untenable character of the exchange ratio and the demoralisation it causes in the money market, brings me to the desperate steps that the Government has, for some time past, been taking to cling doggedly to an impossible position. When the new ratio could not remain stable by the ordinary commercial dealings the Government fell upon other public resources to justify their position. I challenge the Finance Secretary to state if the borrowing policy of the Government during the last few years has not been dictated by the consideration of the maintenance of exchange. In 16 months, from February, 1930 to May, 1931, Government borrowed no less than £52 millions in London by entering into that market as often as five times ! A rupee loan of some 26 crores was raised last year at 6 per cent. when almost simultaneously the Mysore Government could put through two loans in the Indian money market at the rates of 5 and $5\frac{1}{2}$ per cent. This year the rate of interest offered by the Government on its rupee loan has gone up to $6\frac{1}{2}$ per cent. This is not all. There are outstanding Treasury Bills of some 85 crores of rupees in the market at the present moment, all issued at over 6 per cent. rate of interest. I ask the Government : What do they do with all this money ? Are these activities not intended to create artificial conditions in the money market with a view to prop up your favourite ratio ? What is the commercial undertaking of the Government that is yielding a net revenue of $6\frac{1}{2}$ per cent. that these borrowings are being made at that high rate of interest ? It is due to the unceasing issues of the Treasury Bills at high rates of interest that money has remained dear throughout even the dull season. I refuse to believe that ordinary conditions of ways and means necessitate such heavy issues of Treasury Bills. I warn the Government against the dangers of inviting foreign money by the device of our Treasury Bill issues. The recent experiences of Germany should teach them a lesson as to how dangerous it is to be dependent upon short term foreign balances. Any moment foreigners choose to withdraw them, you are at their mercy and may be compelled to pay yet higher rates of interest. Sir, it appears to me that all borrowings of the Government, with the left hand or with the right hand, for short term or for long term, in India or in London, by the issue of Treasury Bills or by means of Ways and Means advances, are prompted by the requirements of their exchange policy.

If we now leave for a moment the questions of the untenability of exchange, its prejudicial influence on the borrowing policy and its resulting high rate of interest and pause for a moment to consider its effect on our manufacturing or export industries, we have yet a sadder tale to tell. Applications after applications are pouring in for the grant of protection and yet more protection, now from one industry, again from another, yet again from the third, and then a second time from the first. Thus the unending round goes on. You have introduced or attempted to introduce some adjustments necessitated by the position of those industries on account of the new exchange ratio, because those industries are owned by the vocal sections of the monied classes, because

they represent foreign capital interest in this country, because they have greater access to the Government of India at Simla and Delhi, because they are very clamorous and control powerful organs of public opinion in India. But have you ever sat down to consider the position of the dumb millions of our agriculturists, how they have been affected by your pet ratio, how they are being ruined by your obstinacy? I ask a very simple question: Have you introduced any similar adjustments with regard to agricultural products as you have done with a view to assist the clamouring manufacturing industries? Sir, I make bold to say that, we, the agricultural classes, have been ruined and ruined more than any of my other friends representing special constituencies. Our produce has ceased to move, our cattle are being sold, our belongings are being put to auction and our lands are fast going out of our hands. All this is due to the fact that in addition to the superimposition of an unnatural ratio, the Government here takes shelter behind the plea that agricultural matters are primarily the concern of Provincial Governments, as if you do not govern exports and imports, as if you do not regulate tariffs, as if the control of credit, currency and exchange is not in your hands. Sir, it is not my purpose to prolong this tale of woes, but I would certainly refer to one or two instances as to how we, the agriculturists, have been hard hit by the new ratio. Look at the plight of sugar producers. The war average of the annual imports of this article came to 472,000 tons; the post-war average was even smaller than that. Now I find that in recent years the imports of this necessary article of consumption have gradually risen to over a million tons. Even beet sugar imported from Britain, whose total imports never came to more than a few thousand tons before, has reached the respectable figure of over a hundred thousand tons annually. You will realise the true import and significance of these figures when you visit the countryside round about my locality where cultivators who used to get Rs. 17 and Rs. 18 per maund for their *gur* do not even get Rs. 3 or Rs. 4 per maund over a full season's crop, and mind you, this is one of our money crops in that part of the country. Sugar manufacture has ceased to be profitable in view of the cheaper imports from abroad made possible by the inflation in the value of the rupee. The position of wheat is no better. In the pre-war year the exports of this article amounted to 13 lakhs of tons; in the year 1929-30, they amounted to no more than as many thousand tons. This phenomenal fall is all ultimately attributable to the antics of the present exchange ratio. In the August issue of his Magazine my friend the Honourable Mr. Natesan has published a brilliant article from the pen of a budding and prolific writer belonging to my part of the country, in which the writer has critically examined our wheat position and drawn a gloomy picture of the situation. It would repay perusal to know how the sins of omission and commission of the Government are responsible for the present state of affairs. I could multiply such instances but I think these two staples are enough to convince the Honourable Members of this House what havoc has been wrought by the bungling of the Government in connection with the ratio question. It is an ineradicable belief of the cultivators that for goods given worth fifteen rupees they are now getting a problematical thirteen rupees and a few annas.

Sir, I do not in this connection want to raise the cases of other countries, how many countries on the Continent devalued their currency in the post-war period, how England stuck to her guns, how India, in the latter's wake, went one

[Lala Jagdish Prasad.]

step further and overvalued her currency and how England's position on that account has been condemned by the recently issued Macmillan Committee Report. Nor do I want to raise the question as to how wide loopholes are given by this fluctuating exchange to foreign exchange banks working in India to rob the commercial community. I do not see any use asking the Finance Secretary why much lower rates are fixed for the dispatch of sterling money orders sent through post offices when the legal rate is 1s. 6d. But one thing I can assert, and assert with some confidence, that public opinion, if it at all acquiesced in the new ratio on any occasion in the past—personally I believe that it never did—has been veering round to a reversion to the old rate of 1s. 4d. Is it not a moderate and reasonable request of the President of the Federation of the Indian Chambers of Commerce and Industry that the Government should let the ratio alone and allow it to take its natural course according to the economic forces? Why should you manipulate it? Sir, no less an authority than Sir Montagu Webb who has got a long record of commercial experience behind him has condemned your present ratio and advocated a reversion to the rate of 1s. 4d. The *Statist* of London, a financial paper of no mean standing, has urged a review regarding the working of the present unpopular ratio. I do not know how far the rumours were correct but we used to hear that the present Finance Member himself was opposed, in his non-official days, to the exchange and ratio policy of Sir Basil Blackett. I do not understand why he has now chosen to be overridden by the decisions of others.

Sir, the present exchange policy has injured both internal and external trade, has brought Provincial administrations to the verge of bankruptcy and well nigh exhausted the resources of the Government of India. It has, besides, aggravated the situation created by the world-wide economic depression, with the result that the tax-paying and purchasing capacity of the people has been more seriously affected than it would have been if an artificial exchange rate had not been imposed upon the country. The unprecedented fall in prices has virtually destroyed the purchasing capacity of the bulk of the people. It is obvious that the Government cannot improve its financial position so long as the economic condition of the people remains so depressed as it is at present. The ruinous effect of this exchange policy has produced such alarming politico-economic reactions as have added to the administrative difficulties of the Provincial administrations and furnished a golden opportunity for the spread of extreme socialistic doctrines. Landlords, tenants and businessmen have all been grievously hit by it. And the longer it is maintained the more involved will become the financial position of the Government and the greater will be the economic distress among the people.

Sir, the Honourable the Finance Member, referring to the suggestion of a reversion of the ratio to 16d. is reported to have stated in the Legislative Assembly the other day that even if the ratio had been fixed at 1s. 4d. the present position would have surely arisen; and in reply to a question he is further reported to have stated that the fall in the prices was not due to the maintenance of the present ratio but to world causes. I do not contend that with a 16d. rupee our agriculturist could have avoided a fall in commodity prices, which must of course be recognised as a world factor, but at the same time it is

incontrovertible that the 18d. ratio has accentuated the fall in prices carrying them in some cases to below cost of production. And it is the view of economists that the reversion to the pre-war level of exchange will stimulate exports and thus raise internal prices, which should increase the purchasing power of the agriculturists. An appreciable vitality will thereby be imparted to the economic life of the country which will produce favourable reactions on trade and business and ease the financial problems of the Central and Provincial Governments. It will be welcomed by the producers of primaries as well as manufacturers. It has to be remembered, Sir, that the producers of the primaries are the backbone of industrial and manufacturing activities. On their prosperity and well-being depends the growth of trade and business. To my mind, the chief conditions of a sound foundation will be unattainable if prompt steps are not taken to remove one of the principal causes of economic depression, namely, the exchange and currency policy of Government. The general prosperity of the people is the real sound foundation of Government credit, and a policy which adversely affects this prosperity must be described as unsound and should be abandoned.

Sir, the Honourable Sir George Schuster in answer to a question in the other House the other day is also reported to have stated that the only direct effect on the Government budgetary position of maintaining the ratio at 18d. instead of 16d. was to reduce the amount of the rupees which have to be raised to meet the Government's annual Sterling obligations by one-ninth, and that if the Government reverted to the 16d. ratio they would have to raise over 5 crores more of revenues. I have not the least doubt that in order to bolster up Government Budgets and in order to make up for increasing expenditure of all kinds we have been driven into a higher appreciation of the rupee. But, Sir, by this policy the masses are being ground down and that is a thing which no Indian, who has taken the slightest trouble to understand the problem, could even think of with equanimity. So far as the loss of Rs. 5 crores resulting to Indian revenues is concerned, I am definitely of opinion that those very departments which benefited from it a quinquennium ago, should be made to bear it by squeezing their expanding activities.

These, briefly stated, Sir, are the reasons why in spite of an inkling of knowledge as to what position will be taken up to-day by the Government on this matter—an inkling of knowledge derived from the statements made by the Honourable the Finance Member on the ratio question in the Legislative Assembly the other day, from a reference made to the exchange problem by His Excellency the Governor General in his address to the Members of both the Houses the day before yesterday, and from the answers given by the Finance Secretary to interpellations on this subject in this House yesterday—why in spite of some knowledge derived from all these sources as regards the attitude of Government on this subject, I have been prompted by the considerations of duty to bring forward this Resolution on the floor of this House.

Sir, I move.

THE HONOURABLE MR. BIJAY KUMAR BASU (Bengal: Nominated Non-Official): Sir, I do not, like the Honourable Mover, make any excuse for intervening in this debate. The ratio has become almost like King Charles' head both in business and in politics. It is like the poor relation ever present

[Mr. Bijay Kumar Basu.]

with us. We simply cannot shake it off. It will shoot up its head here, there and everywhere. Assurances have been given by the Honourable the Finance Member, and assurances have been given even by His Excellency the Viceroy himself, but those had not had the effect of exorcising the spirit. It is argued, on the one hand, that all the ills that India is now heir to are due to the ratio and that once the ratio is changed from 18 pence to 16 pence this country will flow with milk and honey. It is argued, on the other hand, that the ratio is a settled fact; that it is unalterable; and that its unalterability is a measure of the stability of Indian finance. Now, Sir, when the two sides are adamant and when the two sides are convinced about their respective infallibility, it becomes necessary for us to approach the matter with more care and better judgment than is usual when controversies run high.

Now, let me first deal with the proposition that the extreme dislocation of trade and finance in India takes its root and source from the 18 pence ratio. It is a fact, and there is no gainsaying it, that India is passing through one of the acutest phases of economic depression. But before the advocates of 16 pence could establish their case, they must make a study of facts and figures with a view to ascertaining how much of the present-day depression is due to India, having, perforce, to share in the world-wide depression; how much is due to India being obliged to experience acute distress in common with the other agricultural countries of the world; how much, again, is due to the political troubles; yet again, how much is to be laid at the door of the nervousness of the Ruling Chiefs and monied men of the like class; and, lastly, how much of the residue could be accounted for by the ratio. Until and unless a statistical and technical analysis from these several points of view is furnished by the opponents of the 18 pence ratio, we should, I am afraid, maintain that instead of proving their case by facts, figures, statistics and arguments, they are merely having recourse to facile dogmatism. I do not at all, Sir, seek to establish that the ratio had not had its share in our present-day troubles. But before we are asked to change the ratio, it is up to the changers to establish their case on a sounder basis, on more reliable data, on more telling figures and on more convincing arguments. As it is, we are asked to believe that if the ratio is not the one and the only cause of all our troubles, it is, at any rate, the arch-mischief-maker. I submit, that to say this is only downright dogmatism. Produce your analysis; show that you have made a careful and impartial study of the position; and then ask for our support. My complaint is that this slogan about an unnatural ratio has been repeated by all and sundry, from a hundred platforms, and by a score of newspapers, without any attempt being made to argue their case on a detailed and scientific scrutiny of the relevant facts and figures.

Let me now deal with the case of those who maintain that 18 pence is a settled fact. What are the outstanding features of the financial position from this point of view?

(1) The floating debt of the country has reached the staggering total of 85 crores.

(2) The Government have to provide for the repayment of no less than 40 crores of rupees of Treasury Bills maturing before the end of October.

(3) Such portion of these maturities as represents London funds is bound to be withdrawn owing to the complications in the London money market.

(4) Already signs are visible that the renewal of Treasury Bills will fall far short of maturities.

(5) In this situation the Government have announced a 6½ per cent. loan in the form of 4-year Treasury Bonds—parenthetically, Sir, I might add that it is rather ominous that the opening day of the loan, which was yesterday, was a Bank Holiday in Bombay. Why did not the Deputy Controller of the Currency in Bombay draw the attention of the Government of India to this fact in time and thus avoid an unseemly and unpropitious opening?

(6) This new loan list is to open when the bank rate is at 7 per cent., when Treasury Bills continue to be on offer; when Government have been obliged to sell Reverse Councils; when, therefore, there has been a persistent contraction of currency; when, in fact, the money market is in a state of stringency. From all points of view, is this the congenial atmosphere, I ask, for the success of the loan?

(7) It will thus be seen that so far as the Ways and Means position of the Government is concerned, the Government while having to be prepared for the withdrawal of London funds from the Treasury Bills which, it is estimated on very good authority, would be 30 crores and while having to provide for the growing deficits of the several Budgets month by month have by no means any fair prospects of getting money either by renewal of Treasury Bills or by subscriptions to the new loan.

(8) Sir, a financial journal of authority and probity, *Indian Finance* of Calcutta, has dealt with these matters and it estimates that the new money which would be required to fill up these gaps is anything like 50 to 60 crores of rupees. Unless this is found, it is difficult to see how the Government are going to keep their commitments in regard to the payment of salaries, etc., and the redemption of the short term debt.

(9) The Ways and Means position in London is no less precarious. If I remember aright, the Honourable the Finance Member estimated the remittance programme for the current financial year at 33½ million sterling. Of this amount, 9 million sterling has been handed over to the Secretary of State by transfer through the Currency Reserve, another 10 million sterling has been found for him in the shape of the last sterling loan. Thus there is 14½ million sterling still to be found. In addition we have to provide 15 million sterling for the redemption of India sterling bonds maturing in January, 1932. Thus, we have still to find funds to the extent of 30 million sterling for the Secretary of State.

(10) There can be no hope whatsoever that there could be any remittance through purchases in the market; there can be no hope either of a sterling loan in the London market, as the British Government themselves have had to arrange colossal foreign credits and have considerable conversion operations before them.

(11) It is true that the British Premier made an important statement the other day promising Britain's financial support to us, if necessary. The developments in Britain since that announcement are of so grave and upsetting a

[Mr. Bijay Kumar Basu.]

character that we have now seriously to consider whether we should, under the circumstances, hold Britain to her promise. Great as is our own difficulty we could not show callousness to Britain's difficulties also.

(12) In this predicament, how are the sterling resources to be found ? The only source left is the 40 million sterling of gold and gold securities in the Gold Standard Reserve equalling about 53 crores of rupees *plus* 10 crores of rupees of gold left in the Paper Currency Reserve. The total is thus 63 crores and this is the reservoir which is to feed the heavy sales of Reverse Councils and which may come to be drained for even the Secretary of State's requirements. If the Gold Standard Reserve and the Paper Currency Reserve are thus to be drained for sterling requirements, the residue in our reserves at the end of the year may be 10 to 20 crores.

(13) Thus the gold backing for currency notes for 150 crores and silver rupee coins of, say, 150 to 180 crores, or about 300 crores in all, is a bare 10 to 20 crores of rupees of gold.

(14) Such a slender backing will shake the confidence of the public in the currency of the country ; such a slender backing will cause nervousness in the international financial circles in the integrity and stability of the Indian currency.

Now, let me gather the threads of the story. The Government will find themselves not only in serious embarrassments but almost certainly in a crisis with regard to their cash commitments in India and a similar crisis is in store for us in London. In the makeshifts and patch-ups that the Government might make in this situation, it may well happen that all our gold reserves will be almost exhausted, but in spite of this the cash position would not have been adjusted properly : that in the process, the confidence of the public in India and abroad in the solvency of the Government, in the integrity of the Indian currency and the stability of exchange will be shaken to its roots.

This is the position ; this is the position as the market sees it ; this is the position, which worries even those who wish to strengthen the hands of the Government.

It is true that the Government, on many different occasions, expressed their firm determination on the ratio question ; but even the friends of the Government have to ask themselves : In the face of these ominous factors, both in India and in Britain, how do the Government propose to meet the situation ? Of the readiness of the Government to maintain the ratio there need be no doubt, but the analysis of the financial position which I have given would show that there is certainly room and cause for doubt in the ability of the Government to maintain the exchange. It is now for the Government not only to assert that they will stand by the 18*d.* but to explain and convince the public that they can continue to stand by the 18*d.* ratio. There is a genuine and universal apprehension on this question and I wish that the Honourable the Finance Member was present here and took this opportunity of telling us not only the what of the situation but the how and the wherefore. I hope, Sir, that Sir George Schuster will take note of the points that have arisen out of this speech and will give us some convincing arguments as even the friends of the Government are apprehensive as regards support of this 18*d.* exchange.

THE HONOURABLE MR. K. B. RANGASWAMI AIYANGAR (Madras : Non-Muhammadan) : Sir, it is good that a zamindar like Rai Bahadur Lala Jagdish Prasad, who gets from his tenants all his income in cash, should rise to move a Resolution of this sort, which goes to help the agriculturists who produce in kind from their lands. Sir, whether we go to the Indian Federation of Commerce and Industry or to the Legislative Assembly or to any other place where Indian politics and economics are discussed, we hear nothing but the injustice due to the ratio. They attribute all the evils to this policy of ratio in the same manner as some people on the opposite side attribute all the evils in India to the political agitation. Sir, the agriculturists and the producers in India are burning with indignation that they do not get the full value for their produce as due to this ratio question. The experts are unanimous, that this ratio should be revised and the original 1s. 4d. should be restored. The foreign wheat-growers and the foreign rice-growers are at an advantage of 25 per cent., that is 4 annas in the rupee, over the Indian producers of wheat and rice. By this change of ratio the Indian producers are losing $12\frac{1}{2}$ per cent., while the foreign producers of wheat, etc., are in an advantageous position to the extent of $12\frac{1}{2}$ per cent. Thus, we saw even in the Punjab, which is a wheat-producing province, wheat was actually imported through the port of Karachi. Through the initiative of our friend, the Honourable Rai Bahadur Lala Ram Saran Das and other big producers in the Punjab, a measure was enacted to impose a duty on all wheat imported into India. It was a piecemeal legislation. It helped the wheat-growers; but what about the rice-growers, the jute-growers, and the tea and coffee planters, and so many other people who are producers in India? India is an agricultural country and it is a pity that the Government have not seen the justice of helping the producers, and making the agriculturists to meet both ends. They cannot keep up to their status and last year they could not pay their taxes without borrowing.

If it is a question of a principle of income-tax, then the principle followed is to restrict the flow of capital from India, but while it is a question of ratio it seems to be the opposite of it. The principle followed in the measure that is before the Assembly is not exactly the principle followed in the matter of income-tax. There they want that the flow of capital from India should be restricted while here in this ratio question it is the contrary to what is followed there and capital is easily allowed to flow out. Here the only people who are benefited by this ratio are those who send away capital from India to foreign banks, and that principle which is proposed to be followed by the Honourable the Finance Member and the Government of India in restricting the flow of capital from India is not followed here in this ratio question. I only wanted to point out that the only people who are benefited by this ratio are those who send their rupees to England at an advantageous ratio.

The much advertised League of Nations would be well advised if they would at least have an international currency so that foreign bank notes may come to India and Indian bank notes may go to foreign banks so that we may get a fair price for the produce we sell in pounds. Even if there is no international currency, I have always held the view that English currency should prevail in India. If pounds, shillings and pence should be the current coins in India we could exchange the Bank of England notes in India and there would be only the question of delay in transit and these can go in insured covers, as is

[Mr. K. B. Rangaswami Aiyangar.]

done here, from England to India and by that means this ugly question of ratio would be solved. Until it is solved, we want that the ratio should be fixed at the old rate of 1s. 4d. and not at the new rate, and we sincerely feel, every expert in India feels, that it is only the question of ratio that has caused so much economic distress both to the agriculturists and to the Government and that only when they have the purchasing power there will be prosperity all round.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : Sir, I rise to support the Resolution which my Honourable friend Rai Bahadur Lala Jagdish Prasad has moved in this Council to-day. Enough has been said on this question in past years, and so I will not take up much time of the Council in my speech to-day. It has been said by the advocates of the 18d. ratio that this ratio will soon adjust itself. I would like to ask the Finance Secretary how far these adjustments have been translated into practice. Have they actually come in ? What I find, Sir, is that we pay about 70 crores of rupees in salaries of public servants employed either in the civil, military or railway administrations. In case matters have adjusted themselves, has there been any saving of say about 10 crores of rupees a year effected under this head ? I find, Sir, that so far it is all a bogey and nothing practical has been done in this matter about adjustment. When, Sir, the price of the rupee was increased, we all naturally expected that the salaries, the land revenue and the taxes would be adjusted accordingly by corresponding reductions. No reduction, Sir, has been made. The world prices are ruled by gold, and the prices which the foreign producer pays us is calculated in gold, but we find, Sir, that, while in the olden days one pound brought us Rs. 15, now that pound brings us about Rs. 13. This means that, although the foreign purchaser pays the same price in gold, the Indian cultivator or the producer or the merchant gets about two rupees less per pound. It also means that the producers of the soil have all along been losing 12½ per cent. in the price of their produce. If I mistake not, Sir, the Currency Commission recommended that whenever the 18d. ratio was adopted, the land revenue should be reduced by 12½ per cent. forthwith. I find, Sir, that no reduction in land revenue has been made. A couple of years back, Sir, a deputation of the All-India Landholders' Association waited upon His Excellency the Viceroy, Lord Irwin. They represented this grievance as one of the points which affected the pockets of the landholders. I had the privilege of being one of its members and so I have first hand knowledge of what happened at that deputation and of the grievances which were put before His Excellency. In another way, too, we find that by the present financial jugglery of the Government of India the resources of the country have constantly gone down and the resources of the people, whether they be merchants or whether they be zemindars, have been very greatly crippled. I am only stating a fact when I say that when we examine their pockets, we find that they are practically empty. The time is fast approaching when we fear that there will be an unprecedented and colossal fall in the prices of produce. They have already touched a level which has not been known for half a century. We find that the price of cotton and other agricultural produce is exceedingly low. The price of *gur*, wheat and jute too is exceedingly low. And the result

is that the zemindars find it difficult even to pay their land revenue. At this time, Sir, when there is a great depression in the trade in agricultural produce, I think it will be wise for the Government to help the agriculturists whose cause the Government have been advocating in the past by restoring the exchange ratio to 16d. and so helping the poor zemindar by 12½ per cent. in his produce value.

It has been said that our Military Budget has now been reduced to 54·35 crores. But in case we convert rupees into gold, we find that instead of there being any decrease in the Military Budget, expenditure on all administration, whether military or civil, has increased enormously to the loss of India. What has this exchange ratio done, Sir. As far as my information goes, the profits made by the foreign investors in India amount to somewhere between 40 and 50 crores yearly and remitting this to England means a profit of 4 to 5 crores to those foreign investors, which means that so much more money is going out of India.

Now, Sir, I will come to the gold value of the rupee to the cultivator. The old rate of revenue, when the rupee was worth 7·53 grains of gold is now continuing. He has to pay now for every rupee of land revenue not 7·53 grains of gold but 8·47 grains of gold. That shows, Sir, that the poor zemindar is being hit in this way. He gets 12½ per cent. less on his produce. He has been given no remission in land revenue owing to the increase of the price of the rupee. On the other hand he has been indirectly taxed 12½ per cent. more. And over and above all that, his condition now is practically being reduced to that of a pauper. I do not want, Sir, to dwell long on this subject. I simply want to urge on the Government and to request them to consider this question in its serious light so as to save India from further economic disaster.

THE HONOURABLE MR. H. DENNING (Finance Secretary): Sir, I propose to make my remarks on this Resolution as brief as possible for two reasons. The first is a personal one. This is the first occasion on which I have been privileged to address this House and I am afraid that I have not the practised tongue which is the proud possession of most Honourable Members. The second is that the question of ratio has been discussed *ad nauseam* in the Legislature and on the platforms during the last few years. The Honourable the Finance Member has on many occasions stated the policy of the Government and has given fully the reasons for the adoption of that policy, and His Excellency the Viceroy, in his speech on Monday last, indicated clearly that this policy is unchanged. I will, however, state the position quite shortly. Under the Currency Act of 1927, Government have a definite obligation to maintain the exchange value of the rupee at 1s. 6d. and they intend to use all the resources at their command to implement this obligation. Not only this, but His Majesty's Government have also promised financial assistance, if necessary, and I should like to bring specifically to the notice of the House the statement made by the Prime Minister in this connection in the last week of June. He said :

"It will not be possible to introduce the proposed constitutional changes if financial stability is not assured, and His Majesty's Government are determined not to allow a state of affairs to arise which might jeopardize financial stability and good Government of India for which the Secretary of State for India is at present responsible. They have therefore decided that should the need arise they will apply to Parliament for authority necessary

[Mr. H. Denning.]

to enable them to give financial support under suitable conditions to the Government of India for the purpose of maintaining the credit of the country pending settlement of the constitutional problems and formulation of provisions which will ensure the maintenance of India's credit in future."

THE HONOURABLE MR. BIJAY KUMAR BASU: What about the changed circumstances?

THE HONOURABLE MR. H. DENNING: I will deal with that later. The significance of this statement is twofold. In the first place, His Majesty's Government have promised that if the necessity arises they will ask Parliamentary authority for giving financial support to India. The necessity has not yet arisen and we hope that it never will arise, for it would be far better for India to get over her present problems without outside assistance. But the promise of backing from His Majesty's Government, if properly appreciated, should be very valuable in establishing the confidence necessary for India to emerge successfully from the present depression. The second significant point in this statement is that it will not be possible to introduce the proposed constitutional changes if financial stability is not assured. The Resolution before the House proposes that we should depart deliberately from financial stability, and I doubt if the Honourable Mover realises fully the effects of his proposal. As the Honourable the Finance Member said in his Budget speech last February:

"There is no question now of choosing between 1s. 6d. and 1s. 4d. It is a choice between a stable currency and complete instability. If once the country having adopted stability and accepted its statutory obligation repudiated that obligation in order to meet the difficulties of the moment....."

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Has it done so?

THE HONOURABLE MR. H. DENNING: I say "if". I am quoting from the Honourable the Finance Member's Budget speech. I will start the sentence again:

"If once the country having adopted stability, and accepted its statutory obligation repudiated that obligation (if it repudiated it) in order to meet the difficulties of the moment what confidence can one have in the future that such a step will not be taken again? You could not thereafter maintain stability."

Is this House prepared to face deliberately all the difficulties and dangers involved in an unstable currency? Honourable Members are well aware of what is happening in the rest of the world. But I would like to bring to their attention one or two facts which are very relevant to the proposal now before the House. Recently Germany was faced with the prospect of being unable to maintain the stability of her currency. What did she do? She took the most drastic measures to restrict credit in every way. The bank rate was raised to 15 per cent. and special measures were introduced which made it practically impossible for any one in Germany to export capital. Not only this, but America, France and Great Britain came to her rescue with

credits and she was granted relief from the burden of foreign payments as a result of the Hoover moratorium. This is some indication of the importance

12 NOON. attached to stability by Germany and the countries which came to her assistance. With this example before us, it is almost inconceivable that India should deliberately abandon that stability of currency that other nations are making such an effort to maintain. And here I would like to say something about a remark which fell from the Honourable Mover. He suggested that the Macmillan Report condemned the British policy. I have read the Macmillan Report and I remember distinctly that they said that although some of the members of the Committee felt that a mistake might have been made in stabilising sterling in 1925, they were all unanimous that as sterling had been stabilised in 1925 it would be the greatest mistake in the world to devalue sterling now. That is exactly what the Macmillan Report said. I will now invite the attention of the House to one or two cases in which circumstances have made stability of the currency impossible. Take the case of Australia. The Australian pound is now at a discount of about 30 per cent. Has Australia gained in any way from the depreciation of her currency? Judging from the reports received, her troubles are far worse than they were before. Internally she has gained nothing, and externally she has lost considerably because her power of borrowing abroad has disappeared and the flow of capital into the country required for its adequate development has entirely ceased. Again, look at the Argentine, which, like India, is a country mainly dependent on agriculture for her exports. There is nothing in the reports regarding the situation in the Argentine which lends colour to the belief that she has gained by the depreciation of her currency. I could give numerous other examples to enforce my argument, but I think I have said enough to make it clear, not only that stability of the currency is very highly valued by the world in general, but that depreciation of currency is no solution of the difficulties with which the whole world is faced at present. The fact is that the world has been struck by an economic blizzard from which no country has escaped. Economists differ as to the causes underlying the present depression, but they are agreed that it is impossible for any single country to emerge from the depression by its own effort or by such expedients as tampering with the stability of the currency.

The Honourable Mover has put forward his proposal partly as a means of relieving the agricultural depression caused by the large fall in the price of India's staple crop. I recognise fully that the fall in prices has hit the agriculturist very hard. But it must be remembered that the agriculturist in India is suffering in common with the primary producer in every country in the world. Reports from America indicate clearly that the price which the agriculturist is receiving for his wheat and cotton is well below the cost of production. In Australia the agricultural distress is acute in spite of the fact that the currency has depreciated, and in Egypt the situation is said to be so bad that land is rapidly passing out of the hands of the agriculturist. I would like to turn for a moment to the Honourable Mover's argument that the fixation of the ratio at 1s. 6d. in 1927 has been one of the major factors in causing the agricultural depression in India. Although the rupee was fixed by law at 1s. 6d. in 1927, it has *de facto* been 1s. 6d. since April, 1925. Between April, 1925 and the end of 1929 was agriculture depressed in India? I do not remember any reports of serious agricultural depression. Is it not rather absurd to say that

[Mr. H. Denning.]

something which* was done in 1925 caused the depression which really started at the end of 1929 ? I leave that to the consideration of the House. It seems to me that it is ridiculous to assign the present depression to internal causes. The depression in India is general throughout the world, and it does not depend on the value in gold of India's currency. You may say that is all very well ; we admit that the fixation of the rupee at 1s. 6d. in April, 1925 had no adverse effect ; but in spite of that we think that a good effect could be produced now by decreasing the value of the rupee. I admit that it is true that if the exchange value of the rupee be stabilised at 1s. 4d.—and I have indicated above that this is not a practical question—the prices of those agricultural commodities whose prices in India immediately reflect the international level would rise by about 12½ per cent. But on the other hand, the prices of everything which the agriculturist has to buy would rise by a corresponding amount.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Only by three per cent.

THE HONOURABLE MR. H. DENNING : Well, I am afraid I cannot agree with the Honourable Rai Bahadur. I do not see how he arrives at that figure of three per cent. If the price of one commodity is going up 12½ per cent. as a result of the change in the value of the currency, then all prices will go up by a corresponding amount.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : I took the figures from the Government statistics.

THE HONOURABLE MR. H. DENNING : Perhaps the Honourable Member will send me those statistics, because I do not know of them.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : I will do so gladly.

THE HONOURABLE MR. H. DENNING : Moreover, a rise in the price of 12½ per cent. in the primary products would not solve the present difficulties of the cultivators who are up against a drop of 40 per cent. or more in prices. A rise of 12½ per cent. would not meet the situation. On the other hand, if the expedient of raising internal prices by depreciating the value of the currency were adopted, India would have to face all the consequences of the loss of her credit, which indeed might prove disastrous to the country as a whole.

I do not propose to deal fully with all the points that have been raised during the debate. I am afraid the subject is such a wide one that I might occupy the attention of the House for a very long time, but I would like to say something on the remarks of the Honourable Mr. Basu on the general financial position. He has painted the situation as a very black one, a very unnecessarily black one indeed. I do not propose to indicate where he has put on the paint too thickly. I will merely put the point to him that even if the financial situation were as bad as he paints it, would it help us to depreciate the value of our currency ? I am afraid it would make it worse.

THE HONOURABLE MR. BIJAY KUMAR BASU : I never said so.

THE HONOURABLE MR. H. DENNING : I thought that other Members of the House might misunderstand you on that point ; that is why

I wanted to emphasise it. What I say is that however bad the financial position may be, you will make it infinitely worse by depreciating the value of your currency.

I should like to mention a statement made by the Honourable Mover. If I understood him correctly, he said that the Honourable the Finance Member was opposed to Sir Basil Blacket's exchange policy before he came out to India and when he came out to India he changed his mind as the result of contact with the officials here. Well, if that were so, I am afraid that I should be the chief villain of the piece, because I have been Sir George Schuster's main helper in exchange matters ever since he came out. I can assure the House that the statement is not correct and I think it is rather unfortunate that it has been made on the floor of this House. Another misstatement....

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD: Sir, on a point of personal explanation. I made that statement on the basis of rumours and I made that quite clear in my speech.

THE HONOURABLE MR. H. DENNING: Another misstatement of fact which I should like to correct is that by Rai Bahadur Lala Ram Saran Das which I think was that it was one of the recommendations of the Hilton Young Currency Commission that land revenue should be reduced by 12½ per cent. I know the Report of the Hilton Young Currency Commission very well and I am perfectly certain that there is no recommendation of that sort. I cannot imagine that a Commission appointed to inquire into the currency policy of India would make any recommendation about the scale of land revenue assessments.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: When I made that statement, I said, "If I mistake not" that is the natural and logical inference which I drew from the recommendations of the Commission.

THE HONOURABLE MR. H. DENNING: I hope the Honourable Rai Bahadur will now admit his mistake.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: I do not admit my mistake, as I took the implied meaning, because I consider that as a matter of course, when the value of the rupee was appreciated, all the demands of Government should have accordingly gone down in accordance with the spirit of the Hilton Young recommendations.

THE HONOURABLE MR. H. DENNING: I think I have made my point clear; that was all I wished to do. I have a number of other points noted down, but if I deal with all of them, I shall exhaust the patience of the House, and I will only mention one small point on which an explanation was asked. The Honourable Mr. Basu said that we chose a very unpropitious day for opening the subscriptions to the 6½ per cent. Treasury Bonds, because it was a holiday in Bombay. That day was chosen for many reasons. One reason was it was the day on which payment of the maturing 1931 bonds was due; another was that it was a convenient day from the point of view of our arrangements. The arrangements for a loan issue of the type which is being made now are very complicated and after the decision as to the form of the loan has been taken it takes a considerable time to fix up the necessary preliminaries. The 15th September was the first possible date on which the sale of these Treasury Bonds

[Mr. H. Denning.]

could be started. I think the Honourable Member who brought up the point rather over-estimated the importance of the fact that the 15th was a holiday in Bombay. The Treasury Bonds are on tap and will be available until further notice. Is it of real importance that the day on which the sale started was a holiday in certain parts of India when anybody during the next month or two at any rate can go and buy them ?

THE HONOURABLE MR. BIJAY KUMAR BASU : All I wanted to find out was if the Government of India were cognisant of the fact that that day was a holiday.

THE HONOURABLE MR. H. DENNING : I can assure you that we were cognisant of that. Well, Sir, I will not take up the time of the House in dealing with any more points.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : What about the automatic adjustments in public salaries ?

THE HONOURABLE MR. H. DENNING : I did not quite grasp the Honourable Member's point. Did he say that the Currency Commission recommended an adjustment of salary ?

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : I did not say that. What I said was that India is paying something like Rs. 70 crores a year to its public servants and the salaries of the public servants must be based in accordance with the value of the rupee. When the value of the rupee is appreciated, there should be a corresponding decrease in the salaries.

THE HONOURABLE MR. H. DENNING : On that point, I will try to examine the movements in the value of the rupee prior to the year 1925. Between 1918 and 1920 the rupee was always above 1s. 6d.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : It did rise to 1s. 5d., and not to 1s. 6d.

THE HONOURABLE MR. H. DENNING : I did not catch the Honourable Member's point. It cannot be said that the rupee was stabilised definitely at any figure after 1917.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Even now it is not stabilised.

THE HONOURABLE MR. H. DENNING : That is hardly the point. If you will allow me to reply to the point, I shall do so. I repeat that after 1917 the rupee was not stabilised. It varied in value until it was finally stabilised again in 1925. Well, in the meantime prices changed very considerably. The prices from 1919 to 1924 were very different to pre-war prices and the salaries of Government servants were after the war adjusted to the scale of prices which prevailed then. As far as I know, the immediate result of fixing the exchange at 1s. 6d. was not to cause any decrease in the cost of living of Government officers. If it had done so there might have been a case for a readjustment of salaries.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : The Lee concessions came in to increase the salaries and not to decrease them.

THE HONOURABLE MR. H. DENNING : Well, I am afraid I cannot carry on a running conversation with the Honourable Member, and so I leave the point.

I think I have said enough to indicate that the measure which the Honourable Mover proposes would not accomplish the object which he seeks to attain and that it would involve such enormous financial dangers that India might take many years to recover from the shock to her financial structure. I would urge the Honourable Members of this House to consider very carefully the magnitude of the issues involved and to vote against a Resolution which, if acted upon, might have such serious consequences.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD : Sir, as was expected, the views of the Finance Secretary remain uninfluenced by the arguments—I should say the cogent and convincing arguments—that were advanced in support of my proposition from this side of the House. The Finance Secretary, Sir, has I am afraid in replying to the debate not made any statement as to the resources of the Government of India to meet the present situation, has not taken the public into confidence to assure the market that the Government has got the resources. The public were and are eagerly expecting some sort of authoritative pronouncement backed by facts and figures to allay the very just panic that has been created. In his reply the Finance Secretary made a reference to the Premier's announcement promising financial help to India in case of necessity and under suitable conditions. Sir, I am aware of that announcement. But that announcement was only interpreted in financial circles as intended to give tone to the sagging ratio. The psychological effect of this announcement cannot overcome the operation of economic laws. I fail to understand why British credit should be pledged to sustain a rate which has been proved to be so ruinous and costly. The pledging of British credit to maintain a patently uneconomic ratio is in my opinion no service either to Britain or to India. The Premier's announcement may have for the time being improved the Government of India's credit but, to my mind, it cannot remove the causes which so seriously affected it, one of which is the desperate efforts made by Government to maintain the exchange ratio at 1s. 6d. Then, Sir, the Finance Secretary has talked of stability of credit. Stability is a word which has been much used by the Government of India in self-defence since April 1927, and what they have achieved is, in my humble opinion, shaking to the very foundation the confidence of the country in its own currency. The Government, to my mind, are not making for the direction of stability by maintaining the present exchange ratio but are fast speeding towards the port which is fraught with the gravest dangers. Sir, in the course of my speech, I asked the Government to show what they were going to do with all the money that they proposed to borrow at the rate of $6\frac{1}{2}$ per cent. by means of the new loan that they had floated. But the Finance Secretary has chosen to remain silent on that point. I am led to believe, Sir, that borrowing at this high rate of interest will further cripple the resources of the Government of India and will only make the people insolvent. And this belief of mine is based on experience. Now, Sir, the Finance Secretary has said that if the exchange ratio is revised this House would have to face all the consequences which might prove disastrous to the country. In this respect I would say that

[Lala Jagdish Prasad.]

whether the current rate of exchange is fraught with grave consequences to the country or whether the 1s. 4d. ratio which I advocate would be fraught with dangers is a question about which I would not be dogmatic myself but would leave it to various Honourable Members of this House on whose vote this question depends to decide it in the light of their own information and their own inquiries. I suppose, Sir, very little remains for me to add in reply. The Finance Secretary also said that a mere rise of 12½ per cent. in prices consequent on the reversion of the ratio will not help matters. As to that I should say that it may not help matters entirely, it may not remove all the evils with which we are faced at the present moment—I mean the evils of the present economic depression—but it will certainly help a great deal to relieve the present economic situation.

With these words, Sir, I beg to press my Resolution and commend it to the vote of the House.

THE HONOURABLE THE PRESIDENT: The question is:

“That the following Resolution be adopted:

‘This Council recommends to the Governor General in Council to revise his exchange policy so as to stabilise the rupee at 1s. 4d.’.”

The Council divided:

AYES—9.

Aiyangar, The Honourable Mr. K. V. Rangaswamy.	Mitha, The Honourable Sardar Saheb Suleman Cassum Haji.
Bhonsle, The Honourable Raja Laxmanrao.	Muhammad Din, The Honourable Khan Bahadur Chaudri.
Hussain Imam, The Honourable Mr. Abu Abdullah Syed.	Ram Saran Das, The Honourable Rai Bahadur Lala.
Jagdish Prasad, The Honourable Rai Bahadur Lala.	Suhrawardy, The Honourable Mr. Mahmood.
	Uberoi, The Honourable Sardar Bahadur Shivdev Singh.

NOES—23.

Ayyar, The Honourable Sir C. P. Ramaswami.	Hafeez, The Honourable Mr. Syed Abdul.
Bhóre, The Honourable Sir Joseph.	Irving, The Honourable Mr. Miles.
Charanjit Singh, The Honourable Sardar.	Littlehailes, The Honourable Mr. R.
Chetti, The Honourable Diwan Bahadur G. Narayanaswami.	Megaw, The Honourable Major-General J. W. D.
Chimman Lal, The Honourable Rai Bahadur Lala.	Mehr Shah, The Honourable Nawab Sahibzada Sir Sayad Mohamad.
Denning, The Honourable Mr. H.	Mehta, The Honourable Mr. H. M.
Devadoss, The Honourable Mr. M. D.	Natesan, The Honourable Mr. G. A.
Drake, The Honourable Mr. J. C. B.	Pandit, The Honourable Sardar Shri Jagannath Maharaj.
Dutt, The Honourable Rai Bahadur Promode Chandra.	Ram Chandra, The Honourable Mr.
Emerson, The Honourable Mr. H. W.	Thompson, The Honourable Sir John.
Ghosal, The Honourable Mr. Jyotsnanath.	Watson, The Honourable Sir Charles.
	Whitty, The Honourable Mr. J. T.

The motion was negatived.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE (East Bengal : Non-Muhammadan) : I withdraw my *Resolution, Sir.

RESOLUTION *RE* ESTABLISHMENT OF PROVINCIAL DEPARTMENTS OF COMMERCE.

THE HONOURABLE SARDAR SHRI JAGANNATH MAHARAJ PANDIT (Bombay : Non-Muhammadan) : Sir, I beg to move the following Resolution :

“ This Council recommends to the Governor General in Council that for the promotion of the internal, import and export trade of India, Departments of Commerce should be established in each Province, and these should work in co-operation with the Commerce Department of the Government of India, the Director General of Commercial Intelligence and Statistics, Calcutta, and lastly, with the Departments of foreign Indian Trade Commissioners that are already established and that are going to be established.”

Sir, India has got about 600 crores of rupees export and import trade and very much more internal trade, but at present there are no Departments in the Provinces which might look after the promotion, as well as the safeguarding of this trade, excepting the Department of Commerce of the Central Government which has no representative Departments in the Provinces. Some of the work is entrusted by the Central Government to the Provincial Departments of Industries, but the latter are not well equipped with the expert staff required for tackling the commercial problems. In the beginning, the Provincial Industrial Departments were managed in the majority of cases by members of the Department who were almost ignorant of all matters essentially connected with industrial subjects. Gradually the inefficiency on the part of these heads was keenly felt by the local Councils, and criticisms were hurled at these departmental heads for their ignorance about technical industrial subjects, with the result that in some of the Provinces technical experts were appointed as heads of the Department as in the case of Bombay and Bihar, and in some Provinces like the United Provinces, Madras and Punjab, the heads were given technical experts as their assistants.

Sir, there are three Departments of very great importance, namely, the Indian Trade Commissioners' Department and that of the Director General of Commercial Intelligence and Statistics, Calcutta, and the Central Commerce Department, but all these are thoroughly unrepresented in the Provinces. The Commercial Intelligence Department collects most useful statistical information for the development of both the internal and external trade of the country. The Trade Commissioners' Department, which is extending its activities in Europe and America and shortly in Africa, has already got treasures of commercially useful information about foreign markets, and similarly the Central Commercial Department equipped with a very big staff must be hoarding heaps of information useful to the traders of the land ; but there are no proper channels in the Provinces to broadcast and propagate these treasures of wealthy information to the artisans and traders of the land. The commerce of the land is helplessly disorganised. There is no business which is not ruined by the cut-throat competition of the suicidal policy of some dealers. Many traders wishing to do foreign business do not know the existing markets nor do

*“ This Council recommends to the Governor General in Council that steps be taken at an early date to provide the important railway trains with travelling doctors to attend to emergent cases of sudden illness and serious accidents.”

[Sardar Shri Jagannath Maharaj Pandit.]

they know how to find out new markets. Most of the export and import business is done by the foreign agencies in the land and the lion's share goes into their pockets. Many aspiring young educated Indians, for want of openings for their future careers, are found going astray as a result of desperate disappointments due to the lack of opportunities. Under these circumstances, Sir, if proper agencies in the form of Provincial Departments of Commerce are established, most useful work of primary importance can be done by these. If, in these days of financial stringency, the inauguration of such Departments is impossible, then as the second best measure, the present scope of the Departments of Industries may be widened a bit. These should be called Departments of Industries and Commerce as is done in the advanced States of Mysore and Kashmir. These Departments should be equipped with persons of commercial knowledge and for some time, till the days of financial stringency are not over, this much modification should be immediately brought into force. If these Departments are not established, then all the work that will be done by the newly appointed Trade Commissioners at Hamburg, Milan and other places will be simply centralised either in London at the High Commissioner's office or at the Commerce Member's office at Delhi.

At present it is reported in papers on stray occasions that the Indian Trade Publicity Officer participated in international trade fairs on behalf of India, but is there any Government agency in the Provinces which can establish contact between the prospective Indian traders and the above officer and *vice versa* ?

In the days of over-production, the question of marketing the national products has engaged the attention of all producing countries. The idea of mass-selling is followed by big nations and for this purpose big combinations are formed by the manufacturers of the same goods. India, which is mostly a raw-material producing country, is extremely ignorant about these methods and consequently it is gradually getting out of the field even in such lines as wheat, sugar, cotton, etc. It is naturally the duty of the Government, by establishing Provincial Commerce Departments, to train the indigenous dealers in the important problems of marketing. The national credit system, which has become a watch-word with the British exporters, is absolutely non-existent in India. In these circumstances, what other Department can prepare the ground for the introduction of such beneficial systems but the Commerce Department ? Sir, the most prominent idea that prompts me to bring this Resolution before the House is the non-existence of such Departments in the Provinces which is vitally essential for the building up of national trade and for the guarding of it by removing the grievances of the dealers, and by propagating useful statistical and other information.

There are Indian Chambers of Commerce which do some work, but that is mostly of the nature of making representations to the Government about particular grievances. But the executive work in such matters as are mentioned by me cannot be done by them for want of resources and official backing. This work should really be done by Government and that cannot be done unless such agencies are established in the Provinces.

These agencies are really supplementary or parallel agencies of the bigger All-India Departments mentioned in the Resolution. The Provincial agencies are, so to say, executive agencies. If they do not exist then the work of the big Departments is as good as not done.

There is no country, Sir, in the world which has neglected this subject as in India. If such an important subject is neglected then the economic structure is bound to collapse, frail and weak as it is already. With these words, Sir, I request the Honourable Members of the House earnestly to support this Resolution.

THE HONOURABLE MR. J. C. B. DRAKE (Commerce Secretary): Sir, when I first read my Honourable friend's Resolution I was in some doubt regarding his exact intention, because, reading the words "Provincial Departments of Commerce", I was not sure whether his intention was that the Central Government should itself set up Departments in the Provinces or whether the Provinces should have Departments of Commerce and Commercial Intelligence themselves. Well, Sir, if the intention had been that the Provinces themselves should set up and pay for Departments of Commerce, clearly it would have been outside the sphere of the Government of India to step in and say, "You shall have Departments of Commerce in Provincial headquarters". But, Sir, I gather from what my Honourable friend has said in his speech that what he really proposes is that there should be branches of the Government of India's organisation for the collection and dissemination of commercial intelligence at the Provincial headquarters or at some place in each Province. Now, Sir, on that assumption, I might perhaps, without detaining the House very long, say a few words regarding the organisation which the Government of India now possess and the organisation which they have at different times attempted to introduce and, as a rule, unfortunately with the same result. I do not intend to go back very far, Sir, but I should just like to mention the scheme which the Government of India introduced, after one or two years' careful consultation with the Provinces, in 1921-22. In that year, Sir, after consultation with the Provinces, they held a Conference which was attended by Provincial Ministers in charge of Departments of Industries and Directors of Industry and they went very carefully into this very question which my Honourable friend has raised—what should be the agency in the Provinces for keeping merchants and traders in touch with foreign markets and with internal markets, working through the Government of India's organisation, the headquarters of which are in Calcutta. After two or three days' deliberation this Conference of 1921 came to what I think was a practically unanimous conclusion, that the Departments of Industries in the Provinces should concern themselves with trade which took place within the borders of the Provinces or perhaps just outside the borders of the Provinces. They thought that the Departments of Industries had not got the information, nor really the time, to investigate wider than that, but they held that the Provincial organisation could get straight into touch with the Director General of Commercial Intelligence and through him with the larger markets; so that it was decided that, while Provinces should on their part do all that they could, and could afford to do, to develop their Departments of Industries, the work of trade intelligence proper, by which I mean market intelligence and prices intelligence, should be done entirely by the Director General of Commercial

[Mr. J. C. B. Drake.]

Intelligence for the benefit of the Provinces as well as the States and everybody else. It was recognised in the course of that discussion that the Government of India's organisation in Calcutta should have branches established in important trade centres in India. What they then provided for was the establishment of an office of Director of Commercial Intelligence in Bombay and the establishment of subsidiary offices also at Karachi and Rangoon. Government had actually got to the point of starting the office in Bombay. Then the axe fell; that was the axe....

THE HONOURABLE SARDAR SHRI JAGANNATH MAHARAJ PANDIT : How, Sir, would it affect the rural areas? How would the rural areas know that the establishment has already been set up in Bombay unless there are provincial officers who would see that the detailed information is given to the indigenous dealers?

THE HONOURABLE MR. J. C. B. DRAKE : My difficulty about that point is this. If the agency which my Honourable friend advocates is a purely provincial agency, I do not see how this Council can decide one way or the other whether that agency should be established.

THE HONOURABLE SARDAR SHRI JAGANNATH MAHARAJ PANDIT : Would it not be the duty of the Government of India to establish provincial agencies, and if it is the Commerce Department of the Central Government I think it is the duty of that Department to establish provincial agencies and pay for the expenses.

THE HONOURABLE MR. J. C. B. DRAKE : What I was explaining was that the Government of India had started to establish a provincial agency when the axe fell and they had to stop, and the office which had been established for a few months in 1922 in Bombay had to be retrenched while the subordinate offices in Karachi and Rangoon were never constituted. In addition to those regular offices subordinate to the Commercial Intelligence Department, there was a further proposal to appoint trade correspondents in other places and that project had to be stopped before effect could be given to it. It never started at all on account of lack of funds. About five years later, a still larger scheme was evolved, part of which is the scheme for appointing Trade Commissioners in foreign countries. That scheme was carefully worked out. The High Commissioner, Sir Atul Chatterjee, himself visited various places on the Continent of Europe and a complementary part of that scheme was, on the advice of the Director General of Commercial Intelligence, Dr. Meek, framed for India and also for the Near East. The whole of that scheme was sanctioned last year, 1930, and the Government of India started putting it into operation. As my Honourable friend has mentioned, a Trade Commissioner's Office at Hamburg was actually started early this year. A trade post at Milan was also proposed to be started as soon as possible and an officer was selected and placed under training for that post. Again, the same thing happened. Owing to the present financial position, it has been quite impossible for the Government of India to do anything else but to put this scheme into cold storage. Now, in the Indian part of the scheme provision was made for a post of Deputy Director in Bombay. The Government of India thought it wise to go a little bit more slowly than they did in 1921, but provision was also made

for the appointment of trade correspondents at certain centres in India. That, Sir, is how the case stands at present. The Government of India have worked out very carefully a scheme of this kind which I think really does meet the points which my Honourable friend has raised, but they have had to say that for the present they could not go on. If the methods by which the Government of India propose to carry out these objects differ slightly from those which my Honourable friend has in his mind, the only thing I can say is this that the scheme was first worked out with the aid of such expert assistance as we could get and then, Sir, it was placed before and passed the Standing Advisory Committee for the Department of Commerce and received the blessing of the Standing Finance Committee before funds were voted for it. My Honourable friend may take it from me that that scheme is intended to carry out really what he is after, and that the reason why we cannot at the present moment accept the Resolution is the financial one. Details, as I say, might possibly differ, but the main difficulty is the financial difficulty. That is all that I think I need say on the subject of my Honourable friend's Resolution, and I hope he will be satisfied that Government have really the same object at heart as he himself and that they do intend to carry out an organisation having those objects as soon as financial circumstances permit.

THE HONOURABLE SARDAR SHRI JAGANNATH MAHARAJ PANDIT: Sir, in view of the assurance given by the Honourable the Secretary of the Commerce Department, that, after the financial stringency is over, the Government of India are going to look into this matter very carefully, I beg leave of the House to withdraw the Resolution.

The Resolution* was, by leave of the Council, withdrawn.

RESOLUTION *RE* PRESENTATION OF THE RAILWAY BUDGET DURING THE AUTUMN SESSION OF THE CENTRAL LEGISLATURE.

THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM (Bihar and Orissa: Muhammadan): Sir, I rise to move the following Resolution:

"This Council recommends to the Governor General in Council to present the Railway Budget (Demands Nos. 1 to 15) during the autumn Session of the Central Legislature from 1932."

Sir, from my experience of the Treasury Benches, I am afraid that even this inoffensive and innocent Resolution of mine may be looked upon with suspicion. The real idea underlying the Resolution was to save ourselves from the terrible heat of Delhi. When we were at Delhi, at the tail end of our last Session, you, Mr. President, went out of your way and suggested a remedy to the Government, that the Budget might be introduced a week earlier. That non-controversial suggestion, coming as it did from an official of your eminence naturally led us to think, that even this unresponsive slave to *precedents*, present Government would go out of its way and act up to your advice, but we were sadly disappointed. No response was made by the Treasury Benches, and I have brought forward this Resolution simply as a substitute to that sugges-

* "This Council recommends to the Governor General in Council that for the promotion of the internal, import and export trade of India, Departments of Commerce should be established in each Province, and these should work in co-operation with the Commerce Department of the Government of India, the Director General of Commercial Intelligence and Statistics, Calcutta, and lastly, with the Departments of foreign Indian Trade Commissioners that are already established and that are going to be established."

[Mr. Abu Abdullah Syed Hussain Imam.]

tion of yours. As it is, the Railway Budget is presented immediately before the General Budget, and it occupies about a week. Six days were occupied last time in the Assembly in the discussion of the Railway

1 P. M. Budget. So, the real idea underlying this Resolution is not to immure the Government or to impose any condition upon it; but it is to save ourselves. If the Government gives us any assurance that they will follow the advice so sagely given by the Honourable the President, I do not think it will be necessary for me to press the Resolution.

Coming to the merits, I do not find that there is any difficulty in having these Budgets separated, or that any good comes out of having them joined. They are separate *in toto*. The Railway Budget earmarks certain sums of money to be paid to the Central Government on account of interest on Capital. Well, that is a fixed amount and it does not vary with the vagaries of the Budget from year to year. In addition we make a contribution from the Railway Budget to the Central Government which also is not based on the current year; it is based on the year previous to the last financial year. So that too will not stand in the way of presentation of the Railway Budget in another Session. This question of the separation of the Railway and the General Budget was discussed, and it was decided to have them separated. If you present them at different Sessions you will accentuate the separation, and if we had it during this slack season at Simla I think we might devote more attention to the Railway Budget than we can do in Delhi where we are always on tenterhooks over the General Budget, and we want to put this work through as quickly as possible and get on to the General Budget. The amount involved in the Railway Budget is not small; rather it is a little bigger than the General Budget, yet it does not receive the same amount of attention that the General Budget does; for instance in the last Delhi Session we had six days consideration of the Railway Budget and eight days were devoted to the General Budget. In addition, 11 days were spent in the consideration of the Finance Bill which in effect means the discussion of the merits of the General Budget as well. My reason for bringing forward this Resolution was just to throw out a suggestion, so that if the Government does not find time to place the Budget a week earlier, they might accept this Resolution and save us from the heat of Delhi. This is all I have to urge in favour of the Resolution.

THE HONOURABLE MR. J. C. B. DRAKE (Commerce Secretary): Sir, I had thought of many arguments which my Honourable friend Mr. Syed Hussain Imam might have given for his Resolution to-day but I confess that I had overlooked the one reason which he has given. However, I am very glad to present him with several other reasons why the principle of the Resolution which he has moved to-day should be considered acceptable. When the question was first raised in another place whether the Railway Budget could be separated from the General Budget, Sir Charles Innes said (that was in 1924) that it might be a convenience to discuss the Railway Budget in September and Sir Clement Hindley on the same occasion, speaking after him, welcomed the future prospect of having a longer period in which to discuss the Railway Budget separately from the General Budget in the September Session. Since then, Sir, the subject has been broached on several occasions and Honourable Members

of the Legislature have pointed out that during the intense pressure of work that occurs during the Delhi Session it is impossible for them to give sufficient time to study the figures of the Railway Budget, which after all concerns one of the greatest assets that any Government possesses. And on the Government side, too, Sir, I am free to admit that there are distinct attractions in this suggestion that the Railway Budget should be discussed in the September Session, and I will indicate briefly what the reasons are which would influence Government to make such a change. Apart from securing additional time for discussion and explanation of details, such an arrangement would suit the Railways in the preparation of their estimates because they depend very largely upon the progress of the monsoon. And if the estimates had not to be prepared before, say, July it quite obviously would be possible to gauge very much more accurately what the result of the monsoon is going to be. Well, that is one point. Another point is that, purely from the administrative point of view, the Agents of the Railways who have to prepare their budgets have rather more leisure in the hot weather than they do in the cold weather, which is their heavy traffic season, so that they again would probably welcome the idea of having that time in which to prepare their budgets. But, Sir, the real difficulty about bringing a change of that kind into effect at once is in the Government of India Act, and, quite simply, the difficulty is this. Section 67A of the Government of India Act says that the estimated annual expenditure and revenue of the Governor General in Council shall be laid in the form of a statement before both Chambers of the Legislature in each year. Now, the General Budget is presented in February and if that General Budget does not contain the railway figures, then the whole statement cannot be called a statement of the annual expenditure and revenue of the Governor General in Council. If, on the other hand, the Railway year were changed and the Railway Budget were presented in September, then it is quite clear that we could not call that a complementary part of the annual statement because the two years would not coincide—they would only overlap each other for a certain part of the year. It has therefore been held that there is a definite technical difficulty in the way of giving effect to this particular proposal which, as I say, it is quite likely that Government would welcome.

THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM: May I inquire if that is the legal opinion of the Law Member?

THE HONOURABLE MR. J. C. B. DRAKE: Well, without giving any secrets away I may say it is the opinion of the Government of India on the advice which they sought, but I think the Honourable Member may take it from me that there is nothing wrong about that opinion. It is not merely my own opinion. Then, Sir, the question has naturally arisen whether steps should not be taken to amend that section of the Government of India Act if that is the only difficulty standing in the way. The Government of India have considered that point and they have taken the line that it really is not worth while trying to amend one small part of the Government of India Act when the whole of that Act is practically on the anvil and a big change is so near. And, even if the Government of India did consider that it was desirable from their point of view to take this step, would they really be justified in pressing His Majesty's Government to place at the present moment a proposal before Parliament to amend one small part of the Government of India Act, at a time when a com-

[Mr. J. C. B. Drake.]

ple change is in view? I do not think that would be reasonable, and therefore what it really comes to is this; what my Honourable friend has actually put in his Resolution is a proposal that this change should take place next year, in 1932—well, Sir, even if the machinery were now set in motion I very much doubt whether it would be possible to obtain legislation in the British Parliament and to make the preliminary arrangements which would be necessary in order to enable the Government of India to separate these Budgets and produce the Railway Budget in time for the next September session.

I hope I have said enough to make my Honourable friend realise that his Resolution is one with which the Government entirely sympathise in principle, and although it is impossible for me here to say when exactly this proposal will be carried into effect, or in what form, he knows from what Government have said here and on other occasions that this is a subject which undoubtedly will receive attention at a very early date.

THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM : May I hope, Sir, that in the drafting of the new Government of India Act, this point will be kept in view? This difficulty may arise again.

THE HONOURABLE MR. J. C. B. DRAKE : I think I may say, Sir, that it certainly will not be overlooked.

THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM : With the leave of the House, Sir, I wish to withdraw the Resolution.

The Resolution* was, by leave of the Council, withdrawn.

RESOLUTION *RE* PROTECTION OF INDIAN RESIDENTS IN BURMA.

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI : (Madras : Non-Muhammadan) : Sir, I beg to move the following Resolution which stands in my name :

“This Council recommends to the Governor General in Council that immediate steps be taken effectively to safeguard the Indian residents in Burma.”

In doing so, I wish to be as brief as possible. A similar Resolution was tabled in the Madras Legislative Council last month and I am sure the official reports of the speeches that have been made on the floor of the House in support of the motion would have been by now received by the Government of India, and there is therefore every opportunity for the Government of India to be kept appraised of the feelings and sentiments of South Indians in regard to this Resolution. It is neither necessary on my part to traverse the ground already covered nor to repeat the arguments that have been advanced in support of the motion in another place.

For the past seven or eight decades, there has been a systematic immigration into Burma of Indians who found employment there as labourers, agriculturists, etc. Several thousands of people have, as a matter of fact, become permanent residents in that part of the country. Indian labour and capital were freely used for the development of the Burman tracts and the part that

* “This Council recommends to the Governor General in Council to present the Railway Budget (Demands Nos. 1 to 15) during the autumn Session of the Central Legislature, from 1932.”

has been played by the Indians in the economic life of that country is by no means insignificant. The present population of Indians in Burma amounts to about a lakh and odd out of a total population of 10 to 12 millions. There have been large investments made by Indians in Burma and of these the banking community of Nattukkottai Chetties alone have invested something like 40 to 50 crores. The relationship between Indians and Burmans has been till recently nothing but cordial and friendly. The importance of the Indian community in every trade and walk of life has been much appreciated by the Burmans. But, unfortunately for the last two or three years, a propaganda has been allowed to be spread that "Burma should be for the Burmans alone". The agitation for the separation of Burma from India grew stonger and stronger so much so that Burmans were led to believe that the existence of the Indian community in that country was a clog to their national progress. This was the beginning of the trouble.

In December last, there arose a rebellion which was confined at first to two of the districts of Burma, but subsequently spread over all parts of the province with all the disastrous consequences following in its wake. There have been murderous outrages and assaults on the lives of Indians. The number that had fled fearing these outrages amounted to about 15,000 up to the end of May, and still every steamer from Burma brings in new contingents of refugees who feel that their existence in that country is so unsafe that they are unable to pursue their peaceful avocations in life.

I therefore urge on the Government the immediate necessity of taking all measures that are necessary to safeguard the lives and persons of the Indian residents there. Sir, with the promulgation of the new Ordinance by the Viceroy, the situation may be considered to be rather improving, but it is a matter for regret that such steps had not been taken close upon the outbreak of the rebellion—a step which would have paralysed the activities of the rebels before they were able to do the havoc they have done now.

Sir, I move the Resolution.

THE HONOURABLE MR. H. W. EMERSON (Home Secretary): Sir, the Resolution moved by the Honourable Member relates to a question on which feeling has run strong and I would therefore express appreciation of the moderation of the terms in which he has spoken. The unhappy differences between Burmans and Indians that have resulted in the deplorable events of the last few months have been the cause of very grave concern to the Government of India and to the Local Government, and at a time when happily communal tension has subsided, both the Government of India and the Local Government are very anxious that nothing should be said or done that may in any way foment feeling. I am therefore grateful to the Honourable Member for the studious care with which he has avoided anything likely to lead to mutual recrimination. He has contented himself with asking for an assurance that Government will take steps to safeguard the interests of Indians. Yesterday, in reply to a question put by the Honourable Member himself, I laid on the table of the House a statement summarising the events of the past few months and describing the action that had been taken by the Local Government to deal with the situation. I do not think it is necessary for me to repeat at any length the facts contained in that statement. The situation was at one time undoubt-

[Mr. H. W. Emerson.]

edly grave, but fortunately it has never been so serious as reports in the Press would lead us to believe. There has been a number of dacoities and murders in which Indians were victims, but the number of those is very much less than what has been publicly stated. Again, it was only natural that the communal trouble should cause alarm among the Indian community settled in Burma, and it undoubtedly gave an impetus to the emigration of Indians. But figures very carefully collected for the first seven months of this year, that is to say up to the end of July, show that the number of persons who left Burma during these seven months was in fact only 3,000 in excess of the number of persons who left during 1929. We may therefore discount the stories which have been widely published that tens of thousands of Indians, and in fact most of the Indian community, are fleeing in panic from Burma. The difficulties of dealing with the situation were very great owing mainly to the local conditions in which these outrages were committed, but the Local Government and the district officers lost no time in taking what action was possible, and owing to the measures which they took, the trouble was restricted within a comparatively small area and even in that area it was brought under effective control. For some weeks now there have been practically no outrages at all, and the Local Government reported, a few days ago, that although members of the Indian community are naturally uneasy regarding the future, they have much more confidence than they had a month or two ago, and that there is now good reason to hope that there will be no recurrence of the trouble. None the less, the Local Government are taking all precautionary measures that are possible, and, what to my mind is still more important, they are doing everything that is feasible to promote good will between Burmans and Indians and to restore the amicable relations which formerly existed between them. The Honourable Member has mentioned the important interests of Indians in Burma; Indians and Burmans are indeed dependent on one another to a large extent and these unfortunate communal disturbances can only result in damage to both communities. It is therefore to the interest of every one to do everything possible to prevent feeling being exacerbated and to assist in the restoration of friendly relations. It is of particular interest to the Burma Government that they should follow this policy, and it hardly needs an assurance from me that they have followed it and will continue to follow it; that they are fully alive to the importance of the question and they will take all steps which are possible to prevent any recurrence of the trouble of the past few months. I hope that with this assurance the Honourable Member will not press his Resolution.

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI :
Sir, in view of the assurance given by the Honourable Mr. Emerson, I beg the leave of the House to withdraw my Resolution.

The Resolution* was, by leave of the Council, withdrawn.

The Council then adjourned till Eleven of the Clock on Monday, the 21st September, 1931.

* "This Council recommends to the Governor General in Council that immediate steps be taken effectively to safeguard the Indian residents in Burma."

COUNCIL OF STATE.

Monday, 21st September, 1931.

The Council met in the Council Chamber at Viceregal Lodge at Eleven of the Clock, the Honourable the President in the Chair.

MEMBERS SWORN :

The Honourable Raja Sir Annamalai Chettiyar, Kt. (Madras: Non-Muhammadian).

The Honourable Mr. Alan Hubert Lloyd, C.I.E. (Government of India: Nominated Official).

QUESTIONS AND ANSWERS.

REBELLION IN BURMA.

105. THE HONOURABLE RAJA SIR ANNAMALAI CHETTIYAR: Will Government be pleased to state with regard to the present rebellion in Burma :

- (a) the causes therefor;
- (b) the exact or approximate number of lives lost and injured in each of the communities, Indian, Burmese, Chinese and European, and the extent of the loss of property sustained respectively by each of these communities;
- (c) whether the Government of Burma have considered the question of adequately compensating the sufferers for their losses, and if so, with what result?

THE HONOURABLE MR. H. W. EMERSON: (a) I would invite the Honourable Member's attention to the report of the Government of Burma, dated the 8th May, 1931, a copy of which has been placed in the Library.

(b) Casualties among Government servants amount to 174 as follows :

Europeans	..	..	..	..	..	6
Indians	..	..	..	..	..	79
Burmans	..	..	..	..	..	83
Others	..	..	..	..	..	6

The number of other casualties, that is among the rebels and others, is estimated at something over 2,000, but no exact figure is available at present. I regret that it is not possible to give any estimate of the loss of property.

(c) The cases of Government servants will be dealt with, where necessary, under service rules. The question of the payment of compensation by Government does not arise in regard to other members of the public.

INDIAN INCOME-TAX (SECOND AMENDMENT) BILL.

106. THE HONOURABLE RAJA SIR ANNAMALAI CHETTIYAR : Will Government be pleased to state :

(i) whether they intend to proceed with the Income-tax (Second Amendment) Bill during this Session ;

(ii) the revenue estimated to be derived from this source ?

THE HONOURABLE MR. A. H. LLOYD : (i) Yes.

(ii) It is impossible to give a reliable estimate.

OFFICE HOURS OF THE COMMISSIONER OF INCOME-TAX, BENGAL.

107. THE HONOURABLE MR. S. C. GHOSH MAULIK : (a) Will Government be pleased to state the usual office hours observed in the office of the Commissioner of Income-tax, Bengal ?

(b) What were the usual office hours of the ex-Commissioners, Mr. E. N. Blandy, the Honourable Mr. W. D. R. Prentice and Mr. H. Graham ?

(c) Is it a fact that Mr. F. W. Strong, the present Commissioner, leaves office at 1-30 P.M. not to come back after lunch ?

(d) Is the work of his office up to date or are many arrear files pending disposal ?

THE HONOURABLE MR. A. H. LLOYD : (a) 11 A.M. to 5 P.M.

(b) The facts are not on record.

(c) It is a fact that in the hot weather and rainy season, but not in the cold weather Mr. Strong usually takes his work home at lunch time.

(d) I understand that the work of his office is not in arrears.

PROMOTION OF MR. N. N. CHAKRAVARTY TO THE POST OF ASSISTANT COMMISSIONER OF INCOME-TAX, BENGAL.

108. THE HONOURABLE MR. S. C. GHOSH MAULIK : (a) Will Government be pleased to state if Mr. N. N. Chakravarty, a former P. A. to the Commissioner, having experience of only about two years as an Assessing Income-tax Officer, was promoted to the post of Assistant Commissioner superseding the claims of certain other officers senior to him ?

(b) Is it a fact that the present P. A., Mr. S. K. Ghosh, is going to be appointed an Assistant Commissioner ?

THE HONOURABLE MR. A. H. LLOYD : (a) Mr. N. N. Chakravarty was appointed to Government service on 30th November, 1912, and joined the Income-tax Department on 1st August, 1922, as an Income-tax Officer. He was Personal Assistant to the Commissioner from 24th October, 1924, till 24th March, 1929, and was selected for appointment as an officiating Assistant Commissioner on 3rd July, 1929. His substantive promotion to the post of Assistant Commissioner was approved, as the rules require, by the Governor-in-Council and the Public Services Commission.

(b) The question of promoting Mr. S. K. Ghosh to the rank of Assistant Commissioner has not arisen. The question is therefore hypothetical.

INSPECTION TOUR OF MR. F. W. STRONG, COMMISSIONER OF INCOME-TAX, BENGAL.

109. THE HONOURABLE MR. S. C. GHOSH MAULIK : (a) Will Government be pleased to state if Mr. Strong intimated to the Government of India that he would not go on recess this year ?

(b) Is it a fact that Mr. Strong went to Jalpaiguri for inspection ?

(c) How many days did the inspection take and was travelling allowance drawn from Jalpaiguri to Calcutta and *vice versa* ?

(d) Did the Commissioner go and stay at Kalimpong for about a month after the above inspection at Jalpaiguri ?

THE HONOURABLE MR. A. H. LLOYD : (a) Mr. Strong informed the Central Board of Revenue at the end of April that he did not intend to recess this year but wrote a few days later announcing a change of intention.

(b) Yes.

(c) The inspection at Jalpaiguri occupied one whole day. Travelling allowance from Calcutta to Jalpaiguri and back was drawn.

(d) Yes.

RECESS OF MR. F. W. STRONG, COMMISSIONER OF INCOME-TAX, BENGAL.

110. THE HONOURABLE MR. S. C. GHOSH MAULIK : If the answer to part (b) of the preceding question is in the affirmative :

(a) What arrangements did he make for conducting his work at headquarters during his absence ?

(b) How many files were sent to him for disposal and how many letters were sent to him for signature during this period ?

(c) Did he take his stenographer or any other officer to help him there in his work ?

(d) Was there any loss to Government in the shape of incidental correspondence, both telegraphic and otherwise, and travelling allowance bills, etc. ?

(e) Do Government intend to make an enquiry in this matter ?

THE HONOURABLE MR. A. H. LLOYD : (a) Important cases were sent to the Commissioner for disposal and routine work was carried on by his Personal Assistant.

(b) Some 30 cases or files were taken by him or sent to him. He was ill part of the time that he spent in recess.

(c) No.

(d) There was no loss to Government beyond the ordinary expenses on postage, etc., incidental to a recess in the hills.

(e) No.

INSPECTION OF CALCUTTA OFFICES BY MR. F. W. STRONG, COMMISSIONER OF INCOME-TAX, CALCUTTA.

111. THE HONOURABLE MR. S. C. GHOSH MAULIK : (a) Will Government be pleased to state if Mr. Strong has inspected mufassil offices more frequently than Calcutta offices of the Income-tax Department ?

(b) How many inspections have been made by Mr. Strong during his term of office as Commissioner of the Department ?

(c) Is it a fact that beyond a short visit of several minutes paid to each of the Calcutta Income-tax offices, to collect certain figures, Mr. Strong has not taken up the inspection of any Calcutta offices for the last two years ?

THE HONOURABLE MR. A. H. LLOYD : (a) The Government of India understand that the answer is in the affirmative.

(b) Practically every Income-tax office has been inspected each year.

(c) No.

PRINCIPLE OF DEVOLUTION RULE 15 IN ITS APPLICATION TO BENGAL.

112. THE HONOURABLE MR. S. C. GHOSH MAULIK : (a) Will Government be pleased to state on what principle the Devolution Rule regarding income-tax was framed in relation to Bengal ?

(b) What was the actual standard adopted between Bengal and the Government of India with respect to the above Devolution Rule ?

(c) How far has Bengal benefited by this arrangement ?

THE HONOURABLE MR. A. H. LLOYD : (a) The principle of Devolution Rule 15 is to give the Provinces some share in the growing revenue from taxation on incomes.

(b) The standard adopted for Bengal, as for other Provinces, is that laid down in the Devolution Rule itself.

(c) In the Budget of 1931-32 it was estimated that only five Provincial Governments would receive a share of income-tax revenue under this rule in the current year, and that no amount would be allocated to Bombay, Bengal, the Punjab and the Central Provinces. Actuals for the years up to 1929-30 are available in the Finance and Revenue Accounts.

PERCENTAGE OF INCOME-TAX AND SUPER-TAX DERIVED FROM BUSINESS IN JUTE IN BENGAL.

113. THE HONOURABLE MR. S. C. GHOSH MAULIK : Will Government be pleased to state what percentage of the income-tax and super-tax in Bengal is derived from business in jute ?

THE HONOURABLE MR. A. H. LLOYD : Separate figures of income-tax and super-tax are not compiled according to trades but the Honourable Member will find some information on the subject in Return No. VI for Bengal on pages 131 and 132 of the Central Board of Revenue's All-India Income-tax Report and Returns for the year 1929-30.

PROVISION OF MORE SECOND CLASS ACCOMMODATION ON RAILWAY TRAINS.

114. THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD : (a) Is it a fact that an increased number of passengers on railways now travel second class and that as a consequence second class carriages on railway trains are generally packed ?

(b) Is it the intention of Government to advise the administrations of State-owned Railways to provide more second class accommodation on trains with a view to relieve congestion ?

THE HONOURABLE MR. J. C. B. DRAKE : (a) Statistics of second class passengers carried on Class I Railways during the five years ending 31st March, 1931 show a reduction in the number carried. Compared with 1926-27, the number carried during 1930-31 was about 20 per cent. less.

(b) In view of my reply to part (a) of the Honourable Member's question and of the fact that the number of second class seats provided on the 31st March, 1931 was only 0·8 per cent. less than on the 31st March, 1927, the provision of more second class carriages than are already available does not appear to be necessary.

BILLS PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE.

SECRETARY OF THE COUNCIL : Sir, in pursuance of rule 25 of the Indian Legislative Rules, I lay on the table copies of the following Bills which were passed by the Legislative Assembly at its meeting held on the 16th September, 1931, namely :

A Bill further to amend the Indian Mines Act, 1923, for a certain purpose.

A Bill further to amend the Indian Succession Act, 1925, for a certain purpose.

A Bill to extend the powers of the Sheriff of Calcutta to hold persons in lawful custody.

A Bill to amend the Aligarh Muslim University Act, 1920, for certain purposes.

A Bill to amend the Land Customs Act, 1924, for a certain purpose.

RESOLUTION *RE* AIR SERVICE BETWEEN KARACHI, DELHI AND CALCUTTA.

THE HONOURABLE KHAN BAHADUR CHAUDRI MUHAMMAD DIN (East Punjab : Muhammadan) : Sir, I move :

“ That this Council recommends to the Governor General in Council that steps may be taken for an early beginning of the operations of an Indian air service between Karachi, Delhi and Calcutta and for the subsequent development of auxiliary air routes with a view to extend its benefits to other cities and districts of India.”

The terms of my resolution, I think, are self-explanatory. Some few months ago, after the greater part of the sum required for the inauguration of the Indian State Air Service had already been spent beyond recall, it was made

[Khan Bahadur Chaudri Muhammad Din.]

known that the fate of the service depended on the findings of the Retrenchment Committee and Government action thereon. I understand that practically all constructive work for the development of the service was there and then stopped, as indeed was only reasonable in the light of the warning which had been given. The least serious result of this will be that the starting of the service will be delayed, despite frequent and plain assurances that we were to have the benefit of it from January 1st next. There may perhaps be the wholly deplorable result that we shall have no State Air Service at all for a very long time to come.

Sir, I am as well aware as any other man, I hope, of the imperative need for economy, and for drastic economy, in every department of this country's life in the present world-wide economic crisis. I welcome whole-heartedly His Excellency the Viceroy's urgent and sympathetic appeal for co-operation by all classes and communities in the task of rescuing this country from its present financial embarrassments. But I cannot think that the interests of economy will be served by a definitely retrograde decision which must mean that India will fall further than ever behind other countries in its facilities for commercial communications and transport. In many respects aviation is still in its infancy, but it is a very promising child, a very determined child, a child which has already been most useful and profitable to those who have properly fostered and cherished it. It is growing apace, and nothing can stop its growth. We already have commercial aeroplanes of a speed, size and efficiency at which the imagination boggled few years ago when we laughed at the prophetic pictures of men who predicted commercial air routes linking up most of the countries of the world. If we say now that the need for economies compels us in India to stop the development here of those air routes, we shall be like the doubting Thomases who once said that steam engines would never be practicable and profitable; who said that ironclad warships could never be, because everyone knew that such ships could never float; who thought that aviators were rather mad.

It would be folly—may I say criminal folly—for this country to declare that in India, and perhaps, in India alone, this promising child ought to be thwarted now in its natural and inevitable growth. I call it *inevitable* growth because I cannot believe that the Government's parsimony in this respect will check that growth, even in India, for very long. The figures recently published of the financial turn-over of the Karachi-Delhi Air Service show that before long it would be paying its way, and comparatively soon would be actually making good profits. I have no doubt that the eyes of foreign aviation companies are on those figures, and on the opportunity which they represent. If we have no Indian State Air Service, then foreign aviation companies will step in where the Government has failed, just as they have done in Persia, and the bulk of the profits which they will no doubt earn in time, will go out of this country. India will be branded as a country which could not rise to a great occasion and play a part, in its own interests, in international communications.

It is idle to say that aviation can wait. At its present rate of development it can no more wait than the development of steamship routes could wait; and to call a halt to it amounts to calling a halt to the improvement of trade and

commerce and international relations. Is that a measure of economy? Is it good policy to save a few lakhs *now* at the cost of many lakhs to come either in direct emoluments to Government or in benefit to all taxpayers by the improvement of India's trade? Do you improve a country's financial and economic position by handicapping its competition, however little, with other countries in the field of commerce and international intercourse?

And if there is to be this stifling of the most-up-to-date outlet for India's trade and influence in the world, on whose advice is the stifling to be done?

The matter has been before the General Purposes Retrenchment Subcommittee. I am not less mindful than any other Member of this Council of the great and patriotic services done by my friends on the Retrenchment Committees; but I wonder whether those members of the Retrenchment Committee who had to investigate the finances of the Indian State Air Service, were any more technically expert than I myself am in the finances of aviation. If the Government say, "No matter, we are going to cut down the Indian State Air Service anyhow", then there is nothing more to be said except that the decision is retrograde, uneconomic and deplorable. But if the Government say, "These gentlemen of the General Purposes Retrenchment Subcommittee have found that such-and-such a saving can be made in the State Air Service", I would ask Government to consider those savings most carefully, to inquire whether they are endorsed by the Government's own technical experts, and, if they are not, to ask themselves whether they employ technical experts with a view to their plans being at the mercy of gentlemen who cannot and need not be expected to understand the technicalities of a tremendous and tremendously difficult subject.

I would stress again the international aspect of this question. By maritime law each country with a sea-board is obliged to maintain its harbours in good condition, its coastwise lights, and many other provisions for the assistance and security of its own and other countries' shipping. Each maritime country, too, likes to have some coastal shipping of its own, and its own railways, which are of benefit not only to itself but also to those other countries with which it trades. In addition to steamship and railway routes we now have aviation routes with great and unique advantages of their own; and whatever India may do, those air routes have come to stay in other countries and to make their mark on the trade and international relationships of the world. To say that it is not worth while to pursue with zeal the development of our air routes is a policy of despair and a contradiction of the plain facts of the history of trade communications. To abandon or to delay the development of our air routes would mean that and something more. It would be a flagrant breach of our moral obligation to our neighbours and to countries further afield; it would prejudice India's share in the comity of nations; it would handicap India's economic status by comparison with that of other nations. Our moral obligation to assist in international communications by air is as great as our legal obligation to aid international communications by sea. It is not proposed, I imagine, that for economy's sake we should close down all our lighthouses, close some of our harbours, close our coastwise life-saving stations and wireless stations. I do not say that our air routes are at present as vitally important as those things are; but I *do* say that in all probability the day will

[Khan Bahadur Chaudri Muhammad Din.]

come, and come fairly soon, when they will be equally important. It is India's duty to the world that she should not lag behind any other nation in their development, and it is her duty to herself that she should develop them also in her own best interests, so that the gain derived from them shall not be exclusively a gain to others at the expense of her own trade and budget.

I therefore urge this Council to show unmistakably, by its acceptance of this Resolution, that it desires all possible encouragement for and no short-sighted obstacles to the development of India's national contribution to the great progress being made in international aerial communications, and the promotion thereby of international co-operation and understanding.

Sir, I move.

THE HONOURABLE SIR JOSEPH BHORE (Industries and Labour Member): Sir, I do not think I need take up for long the time of the House in speaking on this Resolution. In moving it, so far as the general intentions of the Mover are concerned, my Honourable friend is thrusting at an open door. The Resolution expresses quite fairly the general intentions of the Government of India in regard to civil aviation in this country. The Budget for the current year we had hoped would help to translate some of those intentions at any rate into actualities, for we had made provision for the development of an Indian State Air Service which had been under consideration for some time. We have, Sir, year by year patiently built up the foundation for the development of India's Air Services. We have spent nearly 70 lakhs of rupees in preparing the requisite ground and meteorological organization essential for these services, and we had hoped before the end of the year 1931-32 to have had the satisfaction of seeing an Indian State Air Service in operation over the main trans-Indian continental air route from Karachi to Calcutta. But, Sir, the best laid plans of mice and men are liable to disruption. We are now faced with a financial situation of the utmost gravity and I am afraid that this compelling factor may leave us no option but to abandon, temporarily at any rate, our original intentions in this matter. I do not know whether my Honourable friend is aware of the serious news which we received this morning, that Great Britain has gone off the gold standard. I fear, Sir, that we are in a position in which the most rigorous economy must be the first consideration. There is to my knowledge no civil air service now operating anywhere in the world which can carry on without some form of State subsidy, and this being so, I fear that I can hold out little present hope of our proceeding with a State Air Service. If, therefore, I ask my Honourable friend not to proceed with his Resolution, it is not because of any lack of sympathy with the intention underlying it. Far from it. It is because in the present state of affairs it may be quite impossible for the Government of India for financial reasons to give effect to it. When our material resources improve and permit of it, I personally have not the faintest doubt that the Government of India will proceed with their original intentions and will give effect generally, to a programme such as has been sketched in outline in this Resolution. If I am in office at that time I can give my Honourable friend the assurance that I will do everything in my power to further the development in which he is so much interested. And when that time comes, I think it will be of material help to the

Government of India to feel that public opinion, as reflected in the speech of my Honourable friend to-day, is behind them in this matter. I hope, Sir, that with this explanation that I have given my Honourable friend will rest content and will not press his Resolution.

THE HONOURABLE KHAN BAHADUR CHAUDRI MUHAMMAD DIN: Sir, in view of the assurance held out by the Honourable Member in charge, I do not wish to press the Resolution and would ask your permission to withdraw it.

The Resolution* was, by leave of the Council, withdrawn.

RESOLUTION *RE* PAY AND ALLOWANCES OF OFFICERS OF THE GOVERNMENT OF INDIA.

THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM (Bihar and Orissa : Muhammadan): Sir, I move :

“ That this Council recommends to the Governor General in Council the appointment of a Viceroy's Commission to revise the scale of pay and allowances of the Government of India's officers.”

The Government of England undertook a great responsibility when they assumed the mantle of Sovereignty of India after 1857. An impartial historian will not look at the speeches of the Members of Treasury Benches, but will scrutinise the actual administration and give his verdict accordingly.

The East India Company were out and out exploiters but it was expected that the Queen's Government would fare better and govern India for the people and in the interests of the people. But the people of India were ill-fated ; their woes and worries, troubles and trials were not to end, and we are still saddled with expenses beyond our means.

It is a well known fact that the upper grade of officials of the Government of India are the highest paid officials practically throughout the world. The reason for this is not far to seek. The usual forms of Governments in the world are either a democracy or an autocracy. In India we have neither the one nor the other. In autocracy the whole power is vested in the King. We had a long experience of this form of Government. But it was reserved for the Queen's Government to introduce a form of Government in which all in all were the I. C. S. Naturally we had the spectacle of the steel structure enriching themselves with fat salaries at our cost. The previous Kings of India no doubt squandered much of our money, but we had this comfort and consolation that the money was spent in India so that the national wealth did not deteriorate. But our new masters were foreigners, and all their savings and a good bit of their expenses were transferred from India to England with the result that there is an immense decrease in our national wealth. Mr. Ramsay Macdonald in “ The Government of India, ” page 148 says :

“ It withdraws from a fertilising stream a very considerable amount of necessary water and means impoverishment.”

*“ This Council recommends to the Governor General in Council that steps may be taken for an early beginning of the operations of an Indian air service between Karachi, Delhi and Calcutta and for the subsequent development of auxiliary air routes with a view to extend its benefits to other cities and districts of India.”

[Mr. Abu Abdullah Syed Hussain Imam.]

Another aspect of this tragedy was that while in former times we had with the change in the reigning Sovereign a chance of different times, the present order has taken away the humane element and replaced it by an inexorable and an unchangeable system.

Now that Indians are restive to get powers, and think that they are capable of taking care of themselves and no guardian *ad litem* is required, it is requisite that the Government of India should set their house in order when handing over the charge. In passing I should like to give a short history of the rake's progress made by the Government of India in the Finance Department since the inauguration of the reforms.

In the first Budget introduced in 1921 Sir Malcolm Hailey, while thanking his colleagues for effecting stringent economies, nevertheless introduced new taxation estimated to yield 19 crores. In the second Budget of 1922 again the former Finance Minister imposed new taxation amounting to over 18 crores of rupees. In the third Budget of 1923 Sir Basil Blackett foreshadowed new taxation of 5 crores, in all 42 crores of rupees in three years. The climax is still fresh in our memory when, during the last Session at Delhi, Sir George Schuster inaugurated new taxation to the extent of 14 crores of rupees and airily informed us that all avenues of economy in expenses have already been tapped and nothing much could be done to reduce the expenditure. But, just as we try to appease a naughty child with toys, the Honourable the Finance Member gave to the Legislature the present Retrenchment Committees. It is interesting to note that the Retrenchment Committee materialised in quite a different form from what was outlined in the Budget speech of 28th February, 1931. Railways and Posts and Telegraphs were not included in the reference, but after deliberation they were also encompassed in the reference. I am glad to note that economies amounting to five crores of rupees have so far been recommended by these Retrenchment Committees without touching the question of salaries.

Coming to the merits of my Resolution, I am glad to say without fear of indiscretion that the Retrenchment Committees have not tackled the question of salaries excepted in passing. . . .

THE HONOURABLE MR. G. A. NATESAN : That is not correct, Sir.

THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM : Well, that is the report. They agree with me that it is a question which cannot be decided by individual Committees. It is too big a proposition to be subjected to differential treatment at the hands of different Committees. They are at one with me in thinking that a co-ordinate effort should be made to deal with this question.

I am sorry to find that neither we of the Legislature nor the members of different Retrenchment Committees were supplied with the report of the Simla Conference of Local Governments with the Government of India on the question of salaries of new entrants. It is well known that this Conference decided upon some sort of reduction in salaries. I wonder if the true reason behind the policy of secrecy is the inadequacy of the cuts suggested or the fact that it does not deal with the All-India Services.

My Resolution aims at a Commission which can recommend to the Viceroy the future rates of salaries for all the officials, those whose salaries are fixed by Statute, those who belong to the covenanted services and those whose pays are fixed by the Government.

Thinking that the Committee appointed by the Legislature is constitutionally not competent to deal with all these matters, I have recommended a Viceroy's Commission.

Indian opinion rightly resents any reduction in the scales of pay which affects only one class and leaves the other two scot free. This sort of discrimination in treatment will not be tolerated by the present-day India. It is not the question of pays of Indians *versus* the pays of Europeans. Nationalist India demands that the pay of our officials should not be out of all proportion to the *per capita* income of the generality of Indians. No where in the world is such a glaring difference between the emolument of officials and the yearly income of people of the country.

Each Cabinet Minister of England gets as salary the income of 50 average Englishmen, while in India, even if the highest estimate is believed, each member of the Cabinet of the Viceroy gets as salary the income of 800 average Indians. The salary of Ministers in Canada is Rs. 27,777 per annum; in South Africa it is Rs. 33,333 per annum, and in India Rs. 80,000 per annum. Can anyone justify this squandering of public monies?

In the other parts of the extensive British Empire the Governors General get Rs. 1,33,333 per annum in Canada, Australia and South Africa while India pays Rs. 2,50,000 per annum.

A rich country like America gives to its Speaker of the House of Representatives a salary of \$12,000 or Rs. 33,333, and Canada pays Rs. 16,666, while poor India is called upon to pay to the two Presidents of the Legislatures Rs. 51,000 and Rs. 48,000, respectively.

The Chief Judge of the Supreme Court of America gets but \$20,500 or Rs. 55,700; India is made to pay to its Chief Justices Rs. 72,000.

It would not be out of place to point out how the expenses in the last decade of other leading countries of the world compare with that of India.

England has reduced its expenditure from 1,195 million sterling in 1921 to 829 million sterling in 1930 or a 31·5 per cent. reduction.

The United States of America has brought down its disbursements during the same period from 5,517 million dollars to 4,012 million dollars or more than a 27 per cent. reduction, while the irresponsible Government of India with all its tall talk of intensive economy has brought down its expenses from 142·8 crores to Rs. 136 crores only, or a reduction of less than 5 per cent. This shows the categorical difference that exists between the work of a responsible and an irresponsible Government.

I shall give a few instances of typical differences between the English and Indian scales of pays of different services. An English Chief Structural Engineer gets £1,155 or Rs. 15,400 while an Indian Chief Engineer gets Rs. 38,394, an English Senior Architect gets £1,179 or Rs. 15,720. An Indian

[Mr. Abu Abdullah Syed Hussain Imam.]

Architect gets Rs. 23,618. The English Comptroller of Accounts of the Public Works Department gets £1,080 or Rs. 14,400, the mean salary of Indian Accountants General on the average scale is Rs. 31,500.

The pay of stenographers in England is about £141 or Rs. 1,780. The Indian Government pays Rs. 3,300.

These are some of the figures that I give as an illustration showing the differences in all grades of services ranging from the highest to the lowest. It is by no means an exhaustive analysis.

As I was a member of the Public Works Department and Accounts and Audit Retrenchment Committee so I had to look up the English estimates concerned. I have quoted just now a few of the figures that I had then collected.

I draw the attention of the Government to the fact that Nationalist India in desperation has passed the famous Karachi Resolution on salaries. It is no joke. If you do not reduce the salaries substantially the repercussion and reaction will naturally be strong. I note with regret that the Finance Secretary speaking in this House on the 28th February, 1931, did not favour the idea of reduction of salaries of the present Government officials.

Contrast this with the public spirit and sense of responsibility expressed by the British Government. His Majesty the King Emperor gave the lead by reducing his allowance by £50,000, a cut of more than 10 per cent. The National Government of Britain is busy reducing the scales of emoluments of present incumbents by varying degrees to effect a reduction totalling 70 million sterling. This they are doing to meet an estimated deficit of less than 9 per cent. of the total income of the British Government. Can our masters tell us what special steps they took to meet the estimated deficit of Rs. 136 million or more than 11 per cent. of our income in 1930-31.

It is not sufficient that the scales of salaries of new entrants only should be drastically reduced; but the emoluments of the present incumbents too should be so changed as to bridge the difference between the new rates and old rates as far as possible.

I appeal to the Government to do something to reduce this staggering burden of high salaries on the people of India. I may say that I do not insist on the form recommended in the Resolution, but I do insist on the Government taking some tangible step to meet the wishes of united India. If they do not heed the warning now, the responsibility will be theirs. In conclusion, Sir, I should like again to quote a short passage from Mr. Ramsay Macdonald's book, "The Government of India." On pages 147-48 he says:

"Every branch of public service should have as its standard of pay an Indian and not a foreign level. Thus far we have wrought India much harm, and this is a reform which a self-Government would do well to make."

I commend the above remarks to the Government and expect that, as they come from the Premier of England, they will receive the consideration that is due to them.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY (West Bengal: Muhammadan): Sir, I rise to oppose this Resolution which has been moved by my Honourable friend Mr. Syed Hussain Imam as it appears to me to be premature and superfluous since the Reports of the various Retrenchment Committees have not yet been published and discussed on the floor of this House. With your permission, Sir, let me read an extract from His Excellency's recent speech of Monday, the 14th September, 1931 (*vide* Volume II, No. 1, page 5 of the Council of State Debates):

"Their interim reports will receive the most urgent consideration of my Government, for the introduction of practical measures brooks no delay." * * * *

Then again, he said:

"The plans necessary to restore financial equilibrium will inevitably demand sacrifices from all classes from the highest downwards and I am confident not only that these sacrifices will be willingly made but that India will emerge successfully from the present troubles."

Now, Sir, in view of this assurance already given by His Excellency Lord Willingdon regarding the restoration of financial equilibrium in this country I consider this Resolution to be superfluous and mischievous, as it will involve an additional burden of heavy expenditure on the Government Exchequer. I therefore hope that my friend, the Mover, will see fit to withdraw this Resolution.

THE HONOURABLE MR. H. W. EMERSON (Home Secretary): Sir, the object of the Honourable Mover of this Resolution is, I take it, to invite the attention of the Government of India to the necessity of exploring, in connection with measures of retrenchment, the question of the pay and allowance of the Services both in regard to existing and future incumbents. If I have interpreted his object aright, then I can assure the Honourable Member that this matter is one which has received, and is receiving, the closest attention of the Government of India and, so far as their own Services are concerned, of Local Governments. It is true that Government do not propose as at present advised to follow the method suggested by the Honourable Member, but I hope to be able to satisfy the House that there are good reasons why Government should not commit themselves to the procedure proposed. The first objection to a Commission of enquiry such as the Honourable Member suggests is the fact that considerable time must elapse, firstly, before its report would be in the hands of Government, and secondly, before the authorities concerned could take action in the way of examination of the report and of reaching decision in regard to it. Now, whatever may be the views held on the general question, I think that there is common agreement that whatever measures may be necessary and feasible should be taken with as little delay as possible. I do not think that the Honourable Member's proposal satisfies the essential condition, that there should be economy in the matter of time. Again, a similar consideration applies to economy in money. Surely there has never been a time when it was so necessary to economise in expenditure, and a Commission such as the Honourable Member proposes would, I suggest, lead to considerable expenditure of money in order to attain objects which can be achieved in other ways. Further, the work to be done by this Commission would in many respects cover much of the ground that has been explored by the

[Mr. H. W. Emerson.]

various Retrenchment Committees, whether they have been set up by the Government of India or by Local Governments. I have no definite knowledge of the recommendations they may put forward for the consideration of Government regarding the pay of the Services, but I think we can all assume that they will have something to say on the matter to which Government will give their careful consideration. And in this connection it has to be remembered that so far as the Central Retrenchment Committees are concerned, the Legislature is very fully represented on them. The Government of India for their part, as I have already said, are fully alive to the importance and urgency of the question. It has received their closest attention; it will continue to receive their close attention, both in regard to existing factors and to new factors which the present financial crisis may bring, and almost certainly will bring, into existence. I hope that in view of this assurance the Honourable Member will not press his Resolution.

THE HONOURABLE SARDAR BAHADUR SHIVDEV SINGH UBEROI (Punjab Sikh): Sir, my Honourable friend I am sure is moved by a very noble idea in bringing this Resolution for the consideration of the Council. Everybody who feels for this country and the Government too realises at this moment the urgent need of economising the expenses of administration. I wish it was not necessary for me to stand up and request my Honourable friend to withdraw this Resolution or at any rate not to press it, because at heart I recognise the urgent need of reducing the expenses of the administration. He has made comparisons which are not always welcome and may be odious, but such comparisons of course enlighten the audience to a very great extent and enable them to form definite conclusions. As the Honourable Member I think is on one of the Retrenchment Sub-Committees, he is quite aware that this matter is being thoroughly investigated and I think all the Sub-Committees have reached their conclusions. I can assure my Honourable friend that they have come to some definite conclusions which will effect very substantial economy in the administration of our country. I am not in a position to say how far this question of reduction of pay and allowances has been taken up by the various Sub-Committees. I can say only so much that they are very conscious that very substantial economy can be effected by this means, and in the discharge of the onerous duty which has been put on them they will not leave this point alone and will certainly make recommendations to this effect also. As regards the suggestion made in the Resolution that a Viceroy's Commission should be set up, as my Honourable friend Mr. Emerson has said, that will not effect immediate economy. If this Resolution is approved, the Commission will have to be set up, then they will take from four to six months to investigate and they will then write their report, and that report will have to be considered by the Government and then given effect to. The reports of the Retrenchment Committees are already in the hands of the Honourable the Finance Member, who has assured the members of the Committees the other day that Government is very anxious to take as immediate action on the recommendations as possible. Government is not sleeping over the facts of the present situation in the country and I can assure my Honourable friend that Government is seriously taking into consideration how to bring into operation the recommendations of the Retrenchment Committees. I cannot say that the Government will accept

all those recommendations, but I can say this that the Government will consider those recommendations and give immediate effect to those which are acceptable to Government, and that will effect economy in the administration of the country. In these circumstances I would just advise my friend not to press this Resolution.

THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM : Sir, before I speak in reply, I should like to be enlightened by my Honourable friend Mr. Emerson as to whether the Government proposes to place before the House during the Delhi Session any comprehensive report on the question of salaries and the retrenchments acceptable to Government ?

THE HONOURABLE MR. H. W. EMERSON : Sir, I am not in a position to make any statement on this point as to whether Government will be in a position to make a statement during this Session in regard to their proposals for the services.

THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM : Sir, I brought this Resolution to find out the opinion of the Government of India and of the House. I have been assured by the speeches of my Honourable friends that the House does not like the idea and the Government is also not willing to agree to it. Well, the Resolution has been described by an Honourable Member as premature, superfluous and mischievous, which shows the mentality of the traducer. If reducing expenses is superfluous and mischievous, then I do not know of any other remedy.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY : It is mischievous additional expenditure. How many lakhs have been spent up to now by the Retrenchment Committees ?

THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM : The amount of money spent on the Retrenchment Committees is well known to the Honourable Member and the Finance Department, and I can assure him that the economies we are effecting are a thousand times more than our expenses. I quite agree with Mr. Emerson that this method I had recommended is not suitable. Beside the point which Mr. Emerson urged, one of my friends told me that such a Commission would not be constitutionally able to tackle some of the questions. A Viceroy's Commission has no power to override salaries fixed by Statute. For this reason I was myself thinking of withdrawing the Resolution at this stage and bringing it in an amended form during the Delhi Session, as it was not happily worded. As it is, my idea in bringing this Resolution was that as the Retrenchment Committee is not competent to deal with it, we should have a higher authority.

THE HONOURABLE MR. G. A. NATESAN : That is not correct, Sir.

THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM :

12 NOON. Well, I can speak for one Committee to which I belonged that we have recorded something in those terms. Therefore,

I beg leave of the House to withdraw this Resolution, as I myself think that this Commission will not serve my purpose.

The Resolution* was, by leave of the Council, withdrawn.

* " This Council recommends to the Governor General in Council the appointment of a Viceroy's Commission to revise the scale of pay and allowances of the Government of India's officers."

RESOLUTION *RE* LOCATION OF THE INDIAN SANDHURST.

THE HONOURABLE SARDAR SHRI JAGANNATH MAHARAJ PANDIT (Bombay : Non-Muhammadan) : Sir, I beg to move the following Resolution :

“ This Council recommends to the Governor General in Council that the Indian Sandhurst should be located at some suitable place in the Deccan, preferably at Satara.”

Sir, I hope this House will at once admit that the recommendation made in my Resolution is an eminently reasonable one. I think, Sir, I am only voicing the feelings and sentiments of the whole House, if I congratulate Government upon their decision to organise and open an Indian Sandhurst. In doing so, they are meeting a long-felt want and fulfilling a purpose highly cherished by those who are anxious to see that the duty of defending India falls on the shoulders of her sons. The carrying out of the project of the Indianisation of the ranks of military officers has been unnecessarily delayed for a long time. Even the scheme, which, as it is reported, that has been formed by the Sandhurst Committee, is not a very satisfactory one.

But it is urgently necessary to deal with one aspect of the question of an Indian Sandhurst and that is its location. It is not a secret that the military authorities are inclined to favour Dehra Dun as such location, but in doing so Government would be entirely ignoring the claims and the convenience of a very large portion of the country and its population. For one thing Dehra Dun is quite far away and is already over-crowded with other institutions. Then again, Northern India has already two military schools, which serve their purpose admirably and meet the convenience of the population of that part of the country. It is therefore not unreasonable to claim that a third institution, which is yet to be brought into being, should be located in the Southern Mahratta Country, which is practically at the centre of the Indian continent, south of the river Narbada. And is almost equidistant from Punjab and Madras. My enquiries show that all the Government may want, by way of a suitable climate, extensive grounds, plain open country, plentiful water-supply and the proximity of military stations for the success of the Indian Sandhurst is available in a full measure at one or two centres in the Bombay Presidency. Then again, the Southern Mahratta country is a region which possesses a suitable martial atmosphere, so that the recruiting for the ranks of Indian military officers can be adequately made. The military services ought not to be a monopoly of any particular community in India. The theory of martial races can easily be exploded, because history shows that opportunity makes the man, and the doings of one generation easily become the cherished tradition and an example for imitation by succeeding generations. A new centre of gravity for the location of an important college of military training is likely to attract not only those communities for whom martial traditions have already been built up, but, even those for whom they are yet to be so. The eventual distribution of the Indian armies and consequently the location of military stations may depend upon considerations of strict military strategy, but that has nothing to do with the location of a military college where cadets or candidates may be trained for officering Army units. In conclusion, Sir, I hope, that Government will give proper consideration to the reasons I set forth in my Resolution for locating the Indian Sandhurst in the Bombay Presidency. The last words

of my Resolution of course clearly express what would be my personal preference if I had the disposal of the location. I have no vested interests of any sort in Satara nor have I in view the possible vested interests that may possibly be served better if the Indian Sandhurst be located at Satara. It is a preference based entirely on what I consider to be the comparative merits of Satara. The claims of Satara may be summarised thus: Here an investment of several lakhs is now lying idle, in spite of the fact that the Satara military buildings once gave accommodation for training sections of 27 officers and 40 British non-commissioned officers and about 120 Indian non-commissioned officers and officers. The climate of Satara is unequalled, with no extremes of heat and cold, a very moderate rainfall, and fine hill breezes, making it unbeatable for an institution of this character. Moreover, it is within two hours motor-run of the hill station of Mahableshwar should a change to the hills be necessary in special cases. Satara is the ancient Mahratta capital, the very centre of the Deccan, the cradle of the warriors of Maharashtra, and already the haven of Indian military pensioners who cannot resist settling down in such a loyal and inspiring atmosphere, with the mighty old fort as a background. From the point of view of training, Satara is eminently well fitted. Not only has it a magnificent parade ground but as the arena in which whole campaigns of Indian Emperors have been decided, it provides an unequalled variety of territory for tactical training and military manoeuvring. This is the reason why the musketry "Small Arms" School was located here. Situated on the main trunk road from Bombay to Madras, within three hours motor-run from Poona on one side and Belgaum on the other, Satara is easily accessible by officers of the Southern Command as well as of the educational sections at Poona and Belgaum. Satara is in the very centre of a group of important Southern Mahratta States including Kolhapur, Sangli, Bhore, Aundh, Phaltan, Miraj and Ichalkaranji. With these words, Sir, I leave the Resolution in the hands of the House.

Sir, I move.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD (United Provinces Northern : Non-Muhammadan) : Sir, I beg to move :

"That in the Resolution just moved by my Honourable friend for the words "at some suitable place in the Deccan, preferably at Satara" the words "at Dehra Dun" be substituted."

My Honourable friend, the Honourable Sardar Shri Jagannath Maharaj Pandit, has just given his reasons before the House why he thinks that the Indian Sandhurst should be located at Satara. The Indian Military College Committee of 1931 in their report, which was placed in our hands a couple of days ago, say that they considered a number of possible sites for the Indian Military College, and eventually reduced the choice to three places, namely, Satara, Mhow and Dehra Dun. Now, Sir, I wish to relate before the House the reasons why I consider that it would be in the best interests of the country to locate the Indian Sandhurst at Dehra Dun in preference to Satara. The Indian Military College Committee have in their report mentioned certain points which in their opinion should determine as far as possible the final choice of the site, and these points are as follows: The first point is that the ideal site for the College would be in a place occupying

[Rai Bahadur Lala Jagdish Prasad.]

a central or, at any rate, easily accessible position. Secondly, that the place should have a temperate climate all the year round. Thirdly, that there should be adequate room for expansion and for training purposes. Fourthly, that there should be a military garrison in the neighbourhood. Fifthly, that the college should not be situated in a large town, nor, on the other hand, too far in the country. And, sixthly, that it should if possible possess some vacant buildings which could be utilised temporarily to start the College while the main and permanent buildings were being erected. Now let us see how far these requirements are satisfied by Dehra Dun so that Honourable Members may be able to judge the relative merits of Satara and Dehra Dun before recording their vote on this Resolution. As regards the first point, Sir, it would, I hope, be readily conceded even by my Honourable friend that as compared to Satara, Dehra Dun is a far more central place. Dehra Dun is also easily accessible being situated on the East Indian Railway, and being itself a railway station. I doubt very much if Satara is so easily accessible. Now, so far as the second point is concerned, namely, that of climate, Dehra Dun has a moderate climate all the year round and is in fact a sort of sanatorium, so much so that it has the honour of His Excellency the Viceroy's visit so often in a year. Mussoorie, a hill station, is situated at a distance of about 8 miles from there and is easily accessible by motor. Thirdly, by reason of its being situated in Northern India, Dehra Dun lies in close proximity to such areas as the Punjab, the western parts of the United Provinces, the North-West Frontier Province and Baluchistan, where such martial classes reside as the Sikhs, the Rajputs and the Gurkhas from whom recruitment to the Indian Army is made. Fourthly, so far as the desirability of there being a military garrison in the neighbourhood is concerned, Dehra Dun has got the advantage of military troops in its neighbourhood, at places such as at Landhour, Chakrata, Roorkee, Meerut and Dehra Dun itself. And this advantage is definitely denied in the case of Satara by the Committee in their report, for they say that at Satara there are no troops in the neighbourhood. Fifthly, Sir, Dehra Dun is neither a very large town nor a very small town, nor is it too far in the country, being, as I just said, a railway station itself. And in this respect too it satisfies the Committee's requirements. Sixthly, a large and suitable site can be obtained for the College without any difficulty at Dehra Dun as the Committee themselves have observed in their report.

These are the points that Dehra Dun satisfies so far as the requirements of the Committee are concerned. Now, there is one more important point which I wish to emphasise in favour of Dehra Dun, and it is this. There are a number of important all-India institutions already situated at Dehra Dun, the foremost among which is the Prince of Wales' Royal Military College; and the House will, I hope, recognise how profitable it would be for the new Indian Sandhurst to be located in the same place where the Royal Military College already exists. Besides this, there are the Imperial Forest Research Institute, the Forest College, the All-India Railway Staff College, the Trigonometrical Survey of India offices and the X-Ray Institute, which are other all-India institutions of importance that are situated at Dehra Dun. And, lastly, Sir, I would invite the attention of the House to the fact that although

the Committee has left the final selection of the site to the Government of India, the majority of the Committee have favoured Dehra Dun for the location of the College. These are the reasons, Sir, why I feel that it would be more in the public interest if the Indian Sandhurst were located at Dehra Dun in preference to Satara, and I hope that the House will agree to my amendment.

THE HONOURABLE RAJA LAXMANRAO BHONSLE (Central Provinces: General): Sir, I rise to support the Resolution now before the House. Since this Resolution was placed on the agenda, the report of the Military College Committee, popularly known as the Indian Sandhurst Committee, has been made available to the public. Naturally, those like myself who felt favourably inclined towards the Resolution now before the House, keenly searched the report for some material in its support. The result is not as satisfactory as was expected by some of us. But it was quite satisfactory so far, that Satara was not ruled out as a possible centre where the new Indian Sandhurst might be located. Apart from the sentimental considerations, which naturally and irresistibly incline us all Mahrattas, to prefer the original home and cradle of the Mahratta power as the place for the location of the new Indian Sandhurst, reasons of general convenience as well of the whole Indian Peninsula and general accessibility point equally to the desirability of locating the new Military College there. The Indian Military College Committee's report published the other day says that :

“ The ideal site for our purpose would be in a place occupying a central or, at any rate, easily accessible position, with a temperate climate all the year round, with adequate room for expansion and for training purposes, and with a military garrison in the neighbourhood.”

These considerations for the location, thus laid down, are admitted to be partially or nearly fulfilled in the case of the three places named, namely, Satara, Mhow and Dehra Dun. I do not know whether the mention of Satara first in the list is meant to indicate any preference for that locality. If that be so, nothing could be more welcome from our point of view. My friend, the Honourable Mover of this Resolution, has already mentioned the special advantages which Satara offers for the establishment of the new Indian Sandhurst there. I will only add, or rather emphasise, one further reason which ought to carry weight in any decision that may finally have to be taken. I may recall here that in the speech I made during the course of the general discussion of the Budget in March last, I laid stress on the great injustice that was being done to whole classes of people by abandoning those very areas for purposes of recruitment to the Army which furnished fine fighting material in the pre-Mutiny period. This abandonment was based on political reasons, which have no longer the same force or validity as they might perhaps have had before India's attainment of full Dominion Status in the near future was made the main objective. I can quite understand that the force of vested interests will incline representative Members from the north to vote in favour of Dehra Dun. But those in whose hands the final decision rests in this matter should bear in mind that it is the interest of India as a whole that is now to be served by this new institution. The establishment of the Indian Sandhurst at Satara would go some way to redress the great wrong that has been done in the past by the largely artificial distinction that is being drawn between

[Raja Laxmanrao Bhonsle.]

the so-called martial and non-martial races. Modern warfare is more a matter of science and nerve than that of mere muscle. In both the former respects, the southern part of the Peninsula will in no way be found inferior to the north. If the object of the new institution is the creation of a real national Army in the near future, that object can be more speedily achieved by locating the new College at a place where it can be made more accessible to all parts of India than by making it perch on a hill top, removed from the range of vision of the entire Peninsula below the Vindhia Ranges.

I second the Resolution which has been moved.

THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK (West Bengal : Non-Muhammadan) : Sir, it seems that more often than not we are faced with the difficulty of one province fighting with another. First of all my Honourable friend Mr. Basu raised the war cry "*Bengal versus Bombay*" in a press interview. Next, in discussing the Wheat Duty Bill in this House the other day he caused some liveliness over Bengal *versus* the Punjab. Now for the third time we are faced with another controversy, the United Provinces *versus* Bombay, or shall I say, Hindustan *versus* the Deccan. It might seem strange that a Member from Bengal should intervene in a debate of this nature, as for all practical military purposes the east ends at Naini Tal, where the Headquarters of the Eastern Command is situated, and provinces like Bihar, Bengal, Assam and Burma have no place on the military map. It would thus seem, Sir, that Bengal has not much place in a discussion on this question. But, Sir, my answer to this poser is quite simple. If Bengal is for military purposes to be outside the fringe of Indian military activity, let it at least be as near to the border as possible. This is not the place nor the occasion when I should try to seek redress for long-standing grievances of this nature, but I should and could certainly urge that Dehra Dun is most conveniently situated. Apart from its location, while Satara claims its historical antecedents, Dehra Dun is certainly the place where thrive and flourish the training ground of most modern activities. Dehra Dun has no forts, it has no ruins or mausoleums but it has an impressive pile of buildings which house the Forest Research Institute. Close by is the Railway Training College where the training afforded is most comprehensive and elaborate. As a town it is picturesque. Its neat lanes and natty villas make it a picture of a countryside. Its climate is salubrious and life in Dehra Dun is conducive alike to health and work. It is already the centre of much educational activity and progress. The spirit of study and research is hovering there, and all circumstances considered I think Bengal should vote in this instance for the United Provinces rather than Bombay.

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI (Madras : Non-Muhammadan) : Sir, I have great pleasure in supporting the Resolution of my Honourable friend Sardar Shri Jagannath Maharaj Pandit. The only thing I hope is that Government will not delay, either on account of financial stringency or for other reasons, and will do their best to open the College as early as possible. But I have very great objection to its location at Dehra Dun. Dehra Dun is far away from the Madras Presidency. I would prefer any other place, even Bangalore would be more convenient for the major-

city of the provinces. From that point of view I hope that Government will select a central place so that all the provinces can benefit.

With these few words, Sir, I beg to support the Resolution.

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: Sir, the Resolution moved by my Honourable friend Sardar Shri Jagannath Maharaj Pandit as well as the amendment moved to it both place me in rather an awkward position. I should like, if I could have, to have discussed some of the sentences which fell from my Honourable friend, but as a matter of fact I am quite unable to discuss the matter in this House at all for the moment, and if the House will permit me I will tell them in a few sentences why that is so. As Honourable Members who have seen the Report of the Sandhurst Committee over which I presided and which has been quoted to-day are aware, we considered a large number of places as possible sites for the new Sandhurst—Satara, Bangalore, Poona, Deolali, Mhow, Pachmarhi, Shillong, Saugor, Dehra Dun and Abbottabad. I was personally acquainted with some of these places and I have visited the others. But I undertook as President of that Committee to visit certain places which had been strongly pressed on us by certain members of the Committee. During the monsoon tour I made in the south and in the centre of India I undertook to visit Satara, Poona and Mhow, and in addition I also undertook to visit Neemuch, which had been mentioned as a possible site for the new College owing to the fact that there were a considerable number of very good military buildings in existence there in a very good state of repair. I did visit all those places and on my return to Simla we held a meeting of our Military Council with our Chief Engineer and other technical people. I was able to submit to the Military Council what I had seen and after the discussion which took place we decided to constitute a small expert Committee of Engineers and other officers to visit three possible sites for the new College and to report to us on these sites and to give us as close estimates as they could of the cost of the establishment of a Sandhurst at any one of the three. They have only just furnished their report to us, and we have not yet considered it. Next week I hope we shall consider it at Army Headquarters and make our recommendations to Government on it, and I hope therefore that this House and especially the Honourable Mover of the Resolution will see that it is impossible for me to enter into any discussion on the matter in the House when the investigations are in the state in which they are now. We have not yet examined the estimates of either of these three sites closely nor have we submitted them to the Government for their approval. It is therefore impossible for me to answer either on behalf of the military or of Government at this stage.

I would like very much to have answered the individual speeches that have been made on this subject because, although much of what each speaker said was true, there were several of their remarks which were not in accordance with the facts. I would like to point out to the House that it is not a question just now of whether we want to have the Military College in the south of India or in the centre or in the north, but a bitter question of getting the money and we are therefore compelled in some cases to abandon consideration of sites which would otherwise present many desirable features

[His Excellency the Commander-in-Chief.]

and we are compelled for financial reasons to examine those places in which we shall not only have a considerable number of buildings which we can either adapt or which are possible to use as they stand but also places where we shall not have much land purchase to consider.

I would therefore ask the Honourable Member, if he sees fit to do so, not to press the matter at the moment, and, if he sees fit to do so, to withdraw the motion.

THE HONOURABLE SARDAR SHRI JAGANNATH MAHARAJ PANDIT: Sir, in view of the explanation given by His Excellency the Commander-in-Chief, I do not wish to press the Resolution.

THE HONOURABLE THE PRESIDENT: The position with regard to the Resolution is that the Honourable Member who has moved it is prepared to withdraw it but in the meantime an amendment has also been moved. I do not know whether the Honourable Member is prepared to ask leave of the Council to withdraw it.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD: Yes, Sir, I also wish to withdraw my amendment.

The amendment* and Resolution† were, by leave of the Council, withdrawn.

RESOLUTION *RE* FLAG FOR BRITISH INDIA.

THE HONOURABLE MR. K. V. RANGASWAMY AIYANGAR (Madras: Non-Muhammadan): Sir, I beg to move:

"That this Council recommends to the Governor General in Council to appoint a committee of the Central Legislature and other representatives of the country to suggest the design of a flag for British India with a view to the introduction of a Bill giving statutory recognition to it."

Sir, some time ago, a friend of mine and a publicist, Mr. K. Vyasa Row, pointed out in *The Hindu* of Madras that it would be a service on the part of those who believe in a policy of co-operation with Great Britain to press for an enactment by the Assembly for the constitution of a flag for India. Even before that we wanted that an enactment should be made to constitute a flag for India. From the very ancient days India was having its own flags and the Mahabharata war was showing how each state and clan had its flag. The idea of a flag is not new to India. Its ancient civilisation and culture and its importance in the place of the world and especially as the brightest of the British possessions may go to show that my Resolution to give her a separate flag is neither ambitious nor preposterous. It is legitimate, now that the status of a Dominion is to be conferred on her, that the question of a flag acceptable to the Government and to the different subjects should engage the attention of the Government. It may be said, Sir, that there already exists a flag for India in so far as in the British flag a Star of India is added in the centre. But it is

* "That for the words 'at some suitable place in the Deccan, preferably at Satara' in the Resolution, the words 'at Dehra Dun' be substituted."

† "This Council recommends to the Governor General in Council that the Indian Sandhurst should be located at some suitable place in the Deccan, preferably at Satara."

not noticeable, Sir, and nobody seems to be aware of it. The British flag represents the Crosses of St. Andrew and St. George and while these may form a portion of the Indian flag I am proposing, it should not, if it is to appeal to the whole of the Indian nation, entirely absorb the whole space of the flag. The *Times of India*, while discussing the results of the committee appointed by the Congress on the question of the flag, says that numerous suggestions have been made to the committee of the Congress appointed to settle this flag question. Some want the flag to be of one colour, some want it to be multi-coloured; some want it to be oblong, others want it to be swallow-tailed; some want the charkha on it, some want only a wheel, some an elephant, some a lotus, some a flame of fire, some the Himalayas and some, again, "Mother India" with a trident. In fact there is no end to the suggestions made in all seriousness by men whose nationalism is undoubted. But the Indian National Congress through its executive has adopted a flag with a charkha and the colour of the cloth of a recluse retired from worldly avocations, that is a Sanyasi, instead of the red portion of the old tri-colour flag we founded in 1917. Sir, so far as may be recollected, the national flag in its tri-colour form that was replaced, representing the Hindus, Muslims and minorities, i.e., the aggregate population of India, and combining the ideas of liberty, equality and fraternity, as the original tri-colour of France was designed to do, was inaugurated by Mrs. Besant during the zenith of the Home Rule agitation. During her internment at Ooty and Coimbatore, she triumphantly put up a flag for India and went round it in the Hindu fashion and saluted it in the British way followed by her distinguished fellow internees. After her well-merited elevation to the Congress Presidentship, the flag automatically took the place of the Congress flag. And since then, it has symbolised whatever the Congress has stood for. Sir C. P. Ramaswami Aiyar, who was then with me on the same platform, may bear me out as to the originality of the design which was as much due to him as to me or to our well-beloved Mrs. Besant.

Now that this flag has undergone a change I beg to suggest that this will be an opportune moment for the Government to inaugurate a flag along with the inauguration of a new era as a result of the Round Table Conference. An Act should be passed by the Legislative Assembly for constituting a national flag for India as was recently passed in South Africa for defining and inaugurating the South African flag, and that Act should receive the assent of the Viceroy. It should be made perfectly legitimate to exhibit it in any State in equal or subordinate alliance with the British Crown, conformably to the general custom. The absence of a flag for British India is a grave blot on the prestige of British India and betrays a lack of statesmanship on the part of the British rulers. The flag salutation by the volunteers of the Congress has brought a lot of complications and the Native States are at their wits' end as to how to deal with the situation. A flag is not like the National Anthem, and while the National Anthem should be the same, the flag of different Dominions and subordinate countries may be distinctive. Of late there has been so much talk of a national flag for India, and from an attitude of indifference, there has been in some places some sort of repression adopted towards the bearers of the flag. To avoid this, it is better that Government should adopt a flag for India. It is ludicrous that while feudatory States have their own flags and every foreign country, however small or insignificant has the dignity

[Mr. K. V. Rangaswamy Aiyangar.]

of a symbol of its existence, British India which enjoys the privilege of an independent footing in the League of Nations should be consigned to obloquy and have to go without a flag. The Union Jack is so well-known all over the globe that an Indian claiming it as his own is soon put to the blush by being told that it is the British flag and he is but an Indian. This kind of experience Indians have had in Japan any number of times, and nobody can understand why when Australia, Canada and Africa and Mysore and Travancore and other parts of the British Empire have their flags, British India alone should be erased out of the category of countries that have their flags.

I have no objection to legalise the present flag adopted by the Congress though it has thrown our old flag dating from 1917 into the background. We have enough and more of the qualities of virtue, truth and sacrifice that are claimed for in the flag at present adopted in the country. I do not propose to suggest to attach any significance as to the qualities of what a nation ought to possess to be incorporated or symbolised in the flag.

The leaders of the respective parties in the Assembly and some Members of the Council of State, such as Syed Hussain Imam and Sir Phiroze Sethna, may be formed into a Committee along with Mahatma Gandhi, Pandit Madan Mohan Malaviya and the President of the European Association to give us a design so that an Act may be passed to give legal effect to it.

Sir, I have in moving this Resolution gone against the wishes of my Congress friends in requesting the Government to form a Committee to design some flag other than that of the Congress, and I hope Government will appreciate my endeavours to reconcile the two sections, the Government and the Congress.

THE HONOURABLE MR. H. W. EMERSON (Home Secretary): Sir, I am sure that the principle underlying the Resolution of the Honourable Member will have the full sympathy of the House, as it has the full sympathy of Government, is a natural, and if I may say so, a healthy aspiration that India should desire, as the Dominions have, a distinctive flag under the British flag. The doubts which Government feel regarding the proposal of the Honourable Member relate not to the principle, but to the question whether the time is ripe to give effect to his suggestion. At the moment, the future constitution of the country is in the making at the Round Table Conference. We do not know what form that constitution will take. We hope it will be a federal constitution, and if that is so, surely all the members of the Federation, the Local Governments and the States, will desire to have a voice in the design of the flag. And in this connection, I may perhaps suggest that a flag for British India alone would hardly satisfy the States who would desire a flag for Federal India as a whole. That is one reason for not proceeding with the proposal. It is not possible to consult the units of the new constitutional India, because we do not at present know what those units will be. Again, Government feel some diffidence in proceeding with the proposal of the Honourable Member at a time when they will be shortly replaced by a responsible Government. If Government took action at the present moment, it might easily give rise to a certain amount of suspicion and criticism. The natural observation might well be made, "Why, when a change is about to take place, are the present Government in such a hurry to design and to legislate for a national flag? Surely, is

this not a matter that should be properly left to the new Government when it comes into being ? ” That, I think, is rather an important consideration. Then, again, if the Government were to appoint a committee of this sort, it ought to be in response to wide public opinion. There is undoubtedly, at the present time, a good deal of public sympathy in favour of it. But Government are not certain that it has yet developed to that extent which would justify them at the present time in giving effect to the Resolution.

There is a further consideration that I should like to mention. The efforts of political organisations to obtain acceptance of a flag which will secure general approval have not always been entirely happy, and the question of what design a national flag should take is one that experience has shown is liable to give rise to a certain amount of communal and sectional feeling. At the present moment when, for various reasons, there is a considerable amount of communal tension in the country, it appears undesirable to introduce a new subject which may very easily be a matter for considerable controversy. And, lastly, there is a reason which in ordinary times would not carry particular weight but which in the present hard times must be given great importance. In existing financial circumstances it is incumbent on Government that they should restrict their expenditure to what is absolutely essential, and I do not think the Honourable Member would claim that his proposal really comes within that category. For these reasons, then, while Government are entirely sympathetic towards the principle of the Resolution, they are not able to proceed with it at the present time and I would ask the Honourable Member therefore not to press his Resolution.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD (United Provinces Northern : Non-Muhammadan) : Sir, with due deference to my Honourable friend Mr. Rangaswamy Aiyangar whom I hold in great esteem, I am afraid I regard this Resolution at the present moment as inopportune. India, Sir, is a dependency under British rule and the British have got their own flag called the Union Jack. On the other hand, the premier political organization in India, namely, the Congress, which at the present time admittedly has the largest following in the country, has designed its own flag, popularly known as the national flag. If under the circumstances a committee of the nature suggested by my Honourable friend is appointed, and assuming that it suggests a third kind of national flag for British India, I ask my Honourable friend if the findings of that committee would be acceptable to the Government on the one hand and to Congressmen on the other. And I believe that at present these are the two main bodies which should count in this respect. The position of Government has already been explained to us by the Honourable Mr. Emerson, and, as regards the Congress, my fear, based on experience of that body, is that situated as we are no other flag is likely to be acceptable to the Congress except their own national flag. Under the circumstances I ask my Honourable friend of what use will the appointment of such a committee be, whose findings will hardly be acceptable to anybody except perhaps a few. We know, Sir, that the future constitution of India is in the melting pot, and if, as a result of the deliberations of the Round Table Conference in London, India is able to achieve Dominion Status, as we hope she will, it will be time then for her as a self-governing Dominion to design a national flag suitable to the changed conditions in the country, like the other self-governing Dominions which—and

[Rai Bahadur Lala Jagdish Prasad.]

here I speak subject to correction—have got their own respective national flags. But until that time, I consider that the Resolution of my esteemed friend is premature and I think he will be well advised not to press it.

THE HONOURABLE MR. K. V. RANGASWAMY AIYANGAR: Sir, I have nothing to add to what I said before.

THE HONOURABLE THE PRESIDENT: The question is:

“That the following Resolution be adopted, namely:

‘This Council recommends to the Governor General in Council to appoint a committee of the Central Legislature and other representatives of the country to suggest the design of a flag for British India with a view to the introduction of a Bill giving statutory recognition to it.’”

The motion was negatived.

RESOLUTION *RE* IMPROVEMENT OF THE PRESENT LOT OF TRADERS AND CULTIVATORS IN BURMA.

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI (Madras: Non-Muhammadan): Sir, I move the following Resolution which stands in my name:

“That this Council recommends to the Governor General in Council to afford necessary credit facilities to Indian traders and cultivators in Burma with a view to improving their present lot.”

I should like to urge on the Government the absolute necessity of directing the Imperial Bank and other banks under their patronage to help Indian merchants at this time. Indian merchants have advanced a part of their money to the agriculturists but they are not in a position to get repayment of their loans at this juncture unless the Government comes to their aid by directing the Local Government to help the agriculturists by liberal loans and also Indian merchants with banking facilities. I fear the position of the Indian traders and cultivators will otherwise become awful. I am glad in this connection that my esteemed friend Sir Annamalai Chettiyar, the leader of the Nattukottai Chetti community, is present here, and I am sure he will enable us to picture the sufferings of the Indian merchants and traders. I hope he will be able to convince the House on this question. Therefore, Sir, I hope it will not be very difficult for the Government to accept my Resolution and to communicate their instructions to the Burma Government and, as far as possible, to extend financial help to the Indian traders at this juncture.

Sir, I move.

THE HONOURABLE RAJA SIR ANNAMALAI CHETTIYAR (Madra: Non-Muhammadan): Sir, as one coming from a district in South India, many of whose inhabitants have migrated to Burma and have established business firms all over the country, and as one having a large stake in Burma, I feel it incumbent upon me to say a few words on the proposition before the House.

I am sure Honourable Members are well aware of the terrible sufferings and hardships the Indians had to undergo in Burma and I do not propose to take the time of the House by enumerating them.

Indians have given freely of their best in men and money for the development of Burma. India has supplied labour and capital. Large areas of land which were formerly forests have been brought under cultivation by the enterprise and energy of Indian labourers and bankers.

As far as I know, Burmans and Indians had always been living in perfect amity. The relationship between these two peoples was all that could be desired and yet the Burmans inflicted the heaviest sufferings on the Indians.

I do not know who is responsible for planting this unfortunate anti-Indian feeling among the Burmans.

Sir, the communities who have been affected most by this rebellion are the Indian agriculturists, traders and capitalists.

The Indian cultivators have suffered much owing to the intimidation, looting, plunder and murder resulting in terrible loss of life and property. The normal agricultural operations have been considerably hampered owing chiefly to the scarcity of money.

Sir, it is said that the Government of Burma have sanctioned about 50 lakhs of rupees for making advances to the agriculturists. I do not know whether any portion of this amount was given to the Indian agriculturists. Considering the conditions prevailing in Burma, the amount is very small. Liberal advances must be made to both Burmans and Indians. I do not forget the financial difficulties of the Government. But I consider that even as it is, the Government might be able to find out remedial measures for tiding over temporary difficulties.

The Chetties and other Indian bankers who were the financiers to the agriculturists and traders hitherto are not in a position to continue their business as before owing to the situation created by the rebellion. The Indian capitalists are thoroughly discouraged by the failure of the borrowers to meet their obligations. More than this, there seems to be an organised attempt on the part of Burmans not to pay their Indian creditors with the ultimate object of forcing them down to their own terms.

As a result of this they, the Indian merchants and bankers, are themselves hard pressed for money. They have to meet their financial obligations. The credit facilities they enjoyed have been suddenly stopped by their bankers. Not only that. Their bankers press them hard for payment of their dues. The situation therefore is one fraught with a good deal of uncertainty for the Indians.

The Banking Enquiry Committee report for the province of Burma shows that the investment of one community of Chetties alone in Burma amounts to 80 crores of rupees. The best part of this investment is in the agricultural operations of Lower Burma, the centre of the rebellion.

Owing either to the inability of the borrowers to pay or to the mischievous activities of Burmans in attempting to evade payments, the lands in tens of thousands of acres are coming into the hands of the Indian bankers and they find it very difficult to let the lands on lease owing to the intimidation on the part of the Burmans in many ways.

[Raja Sir Annamalai Chettiyar.]

Sir, there are many impediments to cultivation. Abnormally low prices, the disturbed state of the country, the extreme economic depression in trade and the lack of money for cultivation expenses have all ended to make cultivation very difficult.

Honourable Members will thus see that the conditions of the agriculturists, traders and capitalists is deplorable.

If the Government are really intent upon the restoration of normal conditions they should not only furnish adequate facilities for the proper financing of trade and agriculture by means of direct contributions from the Government, but what is more they should also take the other financial agencies into their confidence through whom alone the agriculturists and traders could be effectively reached.

A great deal depends upon the re-establishment of good feelings between the Burmans and Indians and, unless the Government take every step towards this end, nothing tangible can be achieved. The anti-Indian legislative measures which have worked great havoc and which have been in more than one sense responsible for the outbreaks, should also be repealed.

Of the contribution of Indian capital and labour to the growth and prosperity of Burma it is needless for me to refer. More than one Governor of Burma has borne the most eloquent testimony to it, and I can only say if Burma is to-day what it is, no small part of it is due to Indian labour and capital.

THE HONOURABLE MR. A. H. LLOYD (Government of India : Nominated Official) : Sir, it is a matter of regret to me that on the first occasion on which I have the honour of addressing this Council I should have to oppose a Resolution which has been brought forward on the other side, and particularly so as the Resolution has been supported by an account of very real difficulties and hardships. But I am afraid, none the less, it is my duty to oppose the Resolution.

The Resolution as worded refers specifically to Indian traders and cultivators in Burma, and the Honourable Member who spoke last devoted some time to an account of the unfortunate results of the feeling of hostility that exists between certain Burmans and Indian traders in the country. When he did this, I cannot help feeling that he was attempting to lead us on to ground where I should be very loath to follow him. I think it will be agreed that the matter must be discussed from the strictly financial point of view without going into the possibility of remedies for the unfortunate state of tension which exists at present in some parts of Burma. Having said this, Sir, I think my point will be understood if I take exception first to the fact that this Resolution singles out a particular class of traders and cultivators in Burma for the assistance that the Government is asked to give. It seems to me that it would be impossible, if the Government of India were to adopt a policy of extending credit facilities to traders and cultivators, that they should distinguish between traders and cultivators of one category or another in the same province and I think it is equally clear, Sir, that it is impossible to stop at that province. The economic difficulties of the times are felt as greatly in other parts of India as in

Burma. Burma is part of India still and if assistance is given to traders and cultivators in Burma it will have to be extended to traders and cultivators in all other parts of India in similar forms. That would impose upon the Government an entirely new kind of burden which I really think my Honourable friend will not ask them to shoulder at a time of such acute financial stringency as the present. While fully realising the very great difficulties under which large sections of the trading and cultivating population are now labouring, we must not forget the almost overwhelming difficulties with which the Government of India's own finances are struggling.

Special mention has been made of the case of the Chetties in Burma and I think I am justified in saying that the speech of the Honourable the Mover was really a proposal for securing financial assistance to the Chetty community engaged in financing agriculture in Burma. Now, the Government of India are fully aware of the importance of the services which that community have rendered in Burma. And if I might strike a personal note, I myself have served for some years in rural areas in Burma and am fully alive also to the fact that the Chetty community has won for itself a very important position in the economic structure of the province. But the special reference is to the financing of agriculture and, whether the financing is to be done through the Chetty community or directly, it does amount to the question of granting advances to the cultivators. Now, Sir, that means that the subject is one for the Local Government. Direct advances to cultivators are entirely a matter for the Local Government and there can be no doubt about it. Assistance can be given to Co-operative Credit Societies, cultivators can receive the advantage of credit under the Land Improvement Loans Act and the Agricultural Loans Act. As a matter of fact, as my Honourable friend, Raja Sir Annamalai Chettiyar, has observed, large advances have been given by the Local Government and I think it is fair to say that the Government of India are doing what they can to give the necessary support to the Local Government in this matter. After all, the ability of the Local Government to make loans to agriculturists under these Acts depends upon the willingness of the Government of India to advance the necessary money to the Local Government and the Government of India have met readily any requests for assistance up to the present and are prepared to go further, if necessary ; but the initiative must come from the Local Government and the working of the thing must be entirely in their hands, and it is as much on this constitutional point as on any other that I am afraid I must oppose this Resolution.

The Honourable Raja Sir Annamalai Chettiyar asked whether out of the agricultural loans which have been given—something like Rs. 50 lakhs have been distributed—anything has gone to the Indian agriculturist in Burma. I am afraid, Sir, that here again, the matter is one entirely within the competence of the Local Government and not one in which the Government of India can undertake to interfere.

Reference has been made to banking facilities, and I should like to add in conclusion, Sir, that the Government of India have, as a matter of fact, discussed this subject with the Managing Governor of the Imperial Bank, Sir Osborne Smith, and have ascertained that the Bank is doing all that it reasonably can to deal with the situation at present. Moreover, Mr. Macdonald, the

[Mr. A. H. Lloyd.]

junior Managing Governor, is about to proceed or has proceeded, to Rangoon to investigate the situation further and to smoothe out all difficulties as far as possible. By giving this statement, of course, I should not be misunderstood as implying in any sense that the Government of India have brought pressure to bear upon the Bank, which is a private institution, or that they will be in a position to do so in the future.

For these reasons, Sir, I trust that the Honourable Member might be willing to withdraw his Resolution.

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI : Sir, I am glad that the Government of India realise the difficulties of the Indian traders, and from the assurance given by the Honourable Member—he has said that Government have been in communication with the Imperial Bank about giving credit facilities, though he said he should not be misunderstood in making this statement—I am glad to learn from the statement made that Government realise the difficulties. I am sure that the discussion on this subject will be communicated to the Local Government, and in this view I beg leave of the House to withdraw the Resolution.

The Resolution* was, by leave of the Council, withdrawn.

NOMINATIONS FOR ELECTIONS TO THE STANDING COMMITTEE IN THE DEPARTMENT OF INDUSTRIES AND LABOUR AND TO THE IMPERIAL COUNCIL OF AGRICULTURAL RESEARCH.

THE HONOURABLE THE PRESIDENT : The following Honourable Members have been nominated for election to the Standing Committee in the Department of Industries and Labour :

The Honourable Mr. M. Suhrawardy.

The Honourable Mr. J. C. Banerjee.

The Honourable Mr. Ghosh Maulik.

The following Honourable Members have been nominated for election to the Imperial Council of Agricultural Research and its Governing Body :

The Honourable Sardar Shri Jagannath Maharaj Pandit.

The Honourable Mr. M. Suhrawardy.

The Honourable Mr. Syed Abdul Hafeez.

The Honourable Diwan Bahadur G. Narayanaswami Chetti.

The Honourable Khan Bahadur Chaudri Muhammad Din.

The Honourable Mr. B. K. Basu.

The Honourable Sardar Charanjit Singh.

The Honourable Mr. Abu Abdullah Syed Hussain Imam.

In both cases an election is necessitated, and the elections will take place at the next meeting of the Council for the disposal of official business.

*“This Council recommends to the Governor General in Council to afford necessary credit facilities to Indian traders and cultivators in Burma with a view to improving their present lot.”

STATEMENT OF BUSINESS.

THE HONOURABLE SIR JOSEPH BHOORE (Leader of the House) : We have no business, Sir, to place before the House to-morrow, Wednesday, as Honourable Members are aware, is a non-official day. On Thursday, or on whatever other day you may be pleased to fix for the next official meeting, motions will be made for the consideration and passing of the five Bills which have been laid on the table to-day. The Honourable Mr. Emerson will move for the election of Members to the Publicity Committee and the Honourable Sir C. P. Ramaswami Ayyar will move his Resolution on the subject of the allowances of Honourable Members.

THE HONOURABLE THE PRESIDENT : The Council will now adjourn till Wednesday, the 23rd of September, at 11 o'clock. I may add that thereafter the Council will meet on the following day, Thursday, the 24th.

The Council then adjourned till Eleven of the Clock on Wednesday, the 23rd September, 1931.



COUNCIL OF STATE.

Wednesday, 23rd September, 1931.

The Council met in the Council Chamber at Viceregal Lodge at Eleven of the Clock, the Honourable the President in the Chair.

QUESTIONS AND ANSWERS.

COUNTING TOWARDS SENIORITY AND PROMOTION IN THE ARMY IN INDIA
RESERVE OF OFFICERS OF KING'S COMMISSIONED SERVICE IN THE INDIAN
TERRITORIAL FORCE.

115. THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI
CHETTI : (a) Have Government come to any decision on the matter
referred to in the speeches of Diwan Bahadur A. Ramaswami Mudaliar
and the Army Secretary reported on pages 1784 and 1815 of the Legislative
Assembly proceedings of the 10th March, 1931 ?

(b) Why is it that, when the Army in India Reserve of Officers Regulations
of 1926 contemplated counting of previous service in the Indian Territorial
Force, the subsequent Regulations specifically excluded it ?

(c) Why is the Indian Territorial Force service treated differently from
the Auxiliary Force service ?

(d) Even if the Commissioned service in the Indian Territorial Force does
not count in full for purposes of the Army in India Reserve of Officers, why
is it that it does not count rank as Warrant service or Viceroy's Commis-
sioned service ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : (a) Yes, Sir. King's
Commissioned service in the Indian Territorial Force will in future count to-
wards seniority and promotion in the Army in India Reserve of Officers.

(b) The 1926 Regulations contemplated counting King's Commissioned
service, and as officers of the Territorial Force did not then hold the King's
Commission, they were not eligible.

(c) The distinction referred to has now been removed by the grant of King's
Commissions in the Indian Territorial Force.

(d) There are no Viceroy's Commissioned officers or Warrant officers in
the Army in India Reserve of Officers.

CONSTRUCTION OF A RAILWAY LINE BETWEEN CONTAI AND CONTAI ROAD ON
THE BENGAL NAGPUR RAILWAY.

116. THE HONOURABLE MR. MAHMOOD SUHRAWARDY : Will
the Honourable Member in charge of the Railway Department be pleased to
state, with reference to my question No. 36 of the Council of State Debates,

Vol. II, No. 1 of the September Session of 1928, what action, if any, has been taken to construct the railway line between Contai and Contai Road station on the Bengal Nagpur Railway in the Midnapur District, Bengal ?

THE HONOURABLE MR. J. C. B. DRAKE : The construction of the Contai-Contai Road branch has had to be postponed owing to the available funds being required for more important projects and works. For this reason the funds allotted in 1928-29 had to be withdrawn.

ABSENCE OF A SUITABLE TRAIN FROM KHARAGPUR TO MIDNAPUR IN CONNECTION WITH NO. 12 PASSENGER.

117. THE HONOURABLE MR. MAHMOOD SUHRAWARDY : (i) Will the Honourable Member in charge of the Railway Department be pleased to state if any representation from the Midnapur people has been received by the Agent of the Bengal Nagpur Railway Co., Ltd., through the District Magistrate of Midnapur complaining against absence of any connection between Kharagpur and Midnapur with the Up-Nagpur Passenger No. 12 ?

(ii) If so, what action has been taken in the matter ?

THE HONOURABLE MR. J. C. B. DRAKE : (i) and (ii). Government have no information, but if the absence of a suitable train from Kharagpur to Midnapur in connection with No. 12 Passenger is a source of inconvenience, Members of the Bengal Nagpur Railway Advisory Committee could suitably take the matter up at one of their meetings. I am, however, bringing the Honourable Member's question and this answer to the notice of the Agent, Bengal Nagpur Railway.

RAISING OF THE PLATFORM AT MIDNAPUR STATION ON THE BENGAL NAGPUR RAILWAY.

118. THE HONOURABLE MR. MAHMOOD SUHRAWARDY : (i) Will the Honourable Member in charge be pleased to state what action has been taken by the Bengal Nagpur Railway Co., Ltd., to raise the platform at Midnapur on the Bengal Nagpur Railway ?

(ii) Will the Honourable Member be pleased to state why no pipe water is supplied at Midnapur station platform ?

THE HONOURABLE MR. J. C. B. DRAKE : I have no information as to the actual conditions at Midnapur station, but will bring the Honourable Member's question to the notice of the Agent of the Bengal Nagpur Railway.

DELEGATES TO THE SECOND ROUND TABLE CONFERENCE.

119. THE HONOURABLE MR. MAHMOOD SUHRAWARDY : (a) Will the Honourable Member in charge of the Home Department be pleased to lay on the table a list of members of the 2nd Round Table Conference, province by province ?

(b) Will the Honourable Member in charge of the Home Department be pleased to state the principle on which delegates to the said Conference specially of Bengal, Bihar, the United Provinces and the Punjab have been selected by Government ?

(c) Will the Honourable Member be pleased to state the reason for not selecting members from the Muslims of Bengal according to their population ?

(d) Will the Honourable Member be pleased to state why the Muslims of Western Bengal have not been represented at the said Conference by any accredited representative of Western Bengal?

(e) Will the Honourable the Home Member be pleased to state if the delegate selected by Government to the said Conference to represent the Nationalist Muslims of India, is an accredited representative of the Nationalist Muslims?

(f) Will the Honourable the Home Member be pleased to state whether the said Nationalist Muslim delegate has ever sought election to any public body?

THE HONOURABLE SIR JOSEPH BHOORE : (a) to (f). I would refer the Honourable Member to the reply which I gave on the 15th September, 1931, to the Honourable Rai Bahadur P. C. Dutt's question No. 93 and to the statement which I laid on the table.

BILLS PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE.

THE SECRETARY OF THE COUNCIL : Sir, in pursuance of rule 25 of the Indian Legislative Rules, I lay on the table copies of the following Bills which were passed by the Legislative Assembly at its meeting held on the 21st September, 1931, namely :

A Bill to provide for the protection of the heavy chemical industry.

A Bill to amend the law providing for the immediate effect for a limited period of provisions in Bills relating to the imposition or increase of duties of customs or excise.

RESOLUTION *RE* CONTINUATION OF THE OPERATION OF THE WHEAT (IMPORT DUTY) ACT FOR A FURTHER PERIOD OF TWO YEARS.

THE HONOURABLE KHAN BAHADUR CHAUDRI MUHAMMAD DIN (East Punjab : Muhammadan) : Sir, the Resolution which stands in my name runs as follows :

" This Council recommends to the Governor General in Council to introduce necessary legislation forthwith in order to secure that the provisions of the Wheat (Import Duty) Act, 1931, shall remain in force for a further period of two years beyond the 31st March, 1932, the date on which the said Act is due to lapse."

Sir, it is an admitted fact that widespread distress and discontent is being caused by the serious fall in the price of agricultural commodities.

(At this stage the Honourable Raja Laxmanrao Bhonsle proceeded to take his seat.)

THE HONOURABLE THE PRESIDENT : Will the Honourable Member just entering the House take his seat quickly. He is standing in front of an Honourable Member who is addressing the House.

THE HONOURABLE KHAN BAHADUR CHAUDRI MUHAMMAD DIN : We know that Government realizes the troubles with which the zemindars are faced. Government has been helping the distressed cultivators by large remissions of land revenue and by advancing *takavi* loans, etc. In my province alone during the last year land revenue to the extent of Rs. 1,40,00,000 was remitted, but in spite of all this the distress and trouble of the zemindars has not decreased to an appreciable degree. It will continue until we succeed in finding means to improve the price of agricultural commodities. It was with this object in view that the Wheat (Import Duty) Act was introduced for one year, but, owing to clause 3 of the Act, to which objection was raised in this House and in the Assembly, 116,461 tons of foreign wheat were imported into India between the 20th March and the 20th August, and more is being imported free of duty. The imports this year have obviously been above the normal and clause 3 of the Act has tended to defeat the very aim and object of the measure. Foreign wheat imported into Calcutta during this period was 80,669 tons, against 54,000 tons of Punjab wheat. The Punjab Government had to pay railway freight of over a lakh, because their expectations did not come up to the figure to which they ought to have worked up their exports to Calcutta. Sir, in view of these facts, I ask the Government to make a declaration that in the event of the continuance of the duty on wheat no exemptions of the nature contemplated by clause 3 of the Wheat Act will be given. It is necessary that a declaration of this sort should be made as soon as possible, or otherwise wheat traders will again demand that exemption should be given for contracts made before the passing of the Act. In fairness both to the wheat traders and the Indian agriculturist I hope Government will have no hesitation in making the declaration. Sir, some people object to the raising of tariff walls against foreign grain on the ground that they are unfair to the poor classes of the country and are invidious discriminations against foreign growers of foodstuffs. The object of the import duty on wheat is not to make it excessively dear in this country, but only to raise the price level a little to protect the agriculture, and make it worth the labour involved. We have a right to ask for preference for our own products in the Indian markets.

Sir, I move.

***THE HONOURABLE SARDAR BAHADUR SHIVDEV SINGH UBEROI** (Punjab: Sikh): Sir, a similar Resolution stands in my name but I prefer to support this Resolution and not to move mine. This Resolution concerns the majority of the population of India and especially my province, the Punjab. When this Act was passed last March exemption was made in the case of those merchants who had entered into contracts before March last. The figures as given by the Honourable Member in charge of this Department show that since the 20th March to the 20th August about 100,020 tons of wheat have been imported into this country. I cannot say whether for all this quantity the agreements had been made before the 20th March, 1931. But this effect shows that either the amount as agreed upon between the importer and the exporter of other countries had been such or the duty imposed had been ineffective, possibly on account of the amount of duty being Rs. 2 per cwt. And it is expected that in the

* Speech not corrected by the Honourable Member.

next six months beyond the 20th August perhaps an equal quantity might be imported again. Last year, when this Bill was brought forward by the Government Member, it was felt that 500,000 tons of wheat had been imported in 1929-30. If 500,000 tons will not be imported this year, if the latter half of the year brings the same quantity as the first half has brought in in India, the figure will be very near the quantity which was imported last year. I think, Sir, I have quoted a wrong figure. The correct figure as given by the Honourable Member in charge of the Bill was 350,000 tons as imported in 1929-30 and not 5 lakhs. If the import in the next six months comes to the same as in the first six months, then it will come to nearly 250,000 tons this year, a difference of just a lakh between 1929-30 and this year. It brings us to this irresistible conclusion that either the amount of duty is not sufficient to stop the import of wheat into this country or the contracts which have been entered into by the importer in India and the exporter outside are of such an extent as to have permitted this quantity to be imported. Of course, I cannot quote the figures of the last harvest but the prices of wheat which are prevalent in the market now-a-days show that there is not very much improvement and there is no alleviation in the distressful conditions among the agriculturist classes. The stories which we hear from perhaps at one time the most prosperous part of my province, that is the colony districts are very harrowing. Even the Government revenue and water cess have not been easily recovered. The Punjab Government has come to the rescue of the zemindar by the remission of the revenue but even that has not been found enough to meet the requirements of the situation. It has been said by the Honourable the Commerce Secretary in reply to a question put by my Honourable friend here that the Government is very keenly watching the position and if the position is not better in a short time to come, Government will certainly consider this question again. My idea in supporting this measure which, I think, is of very great interest for agriculture is this, that this mere statement on behalf of the Government perhaps will not satisfy us. Had the import this year not been so much as it has been in the first six months, perhaps we would have been quite satisfied and not pressed this matter or brought it to the notice of the Government, but the case has been reversed and what I submit is that Government should consider it at once and not put it off for another period to wait and see how these circumstances happen. If another lakh of tons comes into our country it will very adversely affect the price of Indian wheat. Government has got many means ; if the Government thinks that this is a measure which must be brought forward to be continued in the next year, Government can bring the Bill or His Excellency the Viceroy can issue an Ordinance taking this as a very emergent case. As regards the clause referred to, I find there was some justification for the Government to keep it on the Statute-book the last time this Bill was brought forward. But there is no justification to let this clause remain in this Act in the future too because in this year all those concerned with the wheat trade might have been quite sufficiently acquainted with this law and they would not have entered into any agreement for the import of wheat next year too, and if they have entered into agreements in spite of this, I think they must suffer for their own doings. Government should justly remove this clause in the next Bill.

With these few words, I support the Resolution.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : Sir, I rise to support the Resolution which has been moved by my Honourable friend, Khan Bahadur Chaudri Muhammad Din. Last year, Sir, I tabled a Resolution requesting the Government to stop the entry of foreign wheat altogether because India did not generally need its import. On that, Sir, I was told that, as Government was seriously considering the question of safeguarding the interests of the Indian zemindars who were growers of wheat, I might wait and see how things developed, and later on I found that the Government came forward with the Wheat Bill. That Bill, Sir, as I then said on the floor of this House, was practically annulled by the inclusion of that reservation clause which allowed all the forward contracts of wheat to come into India without the imposition of the import duty. I then, Sir, opined that this would not bring into effect the remedy which the Government sought to maintain the price of wheat at a better level. My opinion proved to be correct and the poor zemindars suffered very badly on account of the low prices, and this Wheat Bill absolutely gave them no relief until and unless the forward foreign wheat contracts were all brought and landed in India. The Punjab Government, Sir, made efforts to help the zemindars and they approached the railway authorities to reduce the rate of freight from the Punjab markets to Howrah. The railways were indifferent and they wanted the Punjab Government to compensate them for the loss that they would thus incur and, as my Honourable friend has already informed the House, the Punjab Government got the Lyallpur-Howrah rate reduced to 14 annas a maund, and then for a few months the wheat traffic began to pour into Calcutta from the Punjab, and mounted from 700 tons weekly later on to 1,600 tons weekly. The Punjab Government had to pay compensation of about Rs. 1,35,000. The railway people used to charge something like Rs. 1-7-0 a maund as freight from the Punjab markets from Lyallpur to Howrah, and thus the Punjab merchants were forced to send their wheat by steamer *via* Karachi to Calcutta, and even then the freight by railway from the Punjab markets to Karachi and by steamer from Karachi to Calcutta and the clearing and wharfage charges amounted to about 14 annas a maund. Sir, this rate worked out much cheaper than the railway freight to Howrah, which is now again in force.

I desire, Sir, that the Government of India should make the railways reduce the rate permanently from the Punjab and the United Provinces markets to Calcutta to the level to which they reduced it last year. In case the fate of this Act is not now decided, there is a danger that many people will, as my Honourable friend the Chaudri Sahib has said, enter into forward foreign wheat contracts and then Government will be urged, as they were last year, to allow the forward contracts to be imported without the import duty. Sir, I brought to the notice of the House on the last occasion the dangers that are ahead of the Indian producer of grain and cotton. We find, Sir, that the result of the Russian Five-Year Plan, on which I dwelt at some length in my remarks last year, is now improving in success. Even eminent men like Mr. Bernard Shaw recognise that the Russian Five-Year Plan is a very serious menace and that the hopes of those who promoted it are fastly succeeding. I will, Sir, for the information of the House give a little bit of further information of what has occurred during the year as far as wheat and other grains are concerned. In 1929-30 Russian exports increased by 50 per cent. The import of grain

**CONTINUATION OF THE OPERATION OF THE WHEAT (IMPORT DUTY) ACT FOR 1931
A FURTHER PERIOD OF TWO YEARS.**

from the Soviet to Great Britain in 1928-29 were one lakh of tons. In 1930 they rose to 2,250,000 tons. The imports into Great Britain of all articles from Russia, which were £21,576,000 in 1928 have gone up to £34,245,300 in 1930. This shows, Sir, that the Russian Five-Year Plan, which was treated with contempt by many of the English newspapers, is now turning out to be a success and that we in India have a great danger ahead of us in it. I therefore urge that Government should accept this Resolution and thereby assure the zemindars that they have their interests at heart. I might also mention in this connection that the cost of production of wheat is now much more than its actual sale price in the market. The financial crisis which is now facing England may or may not improve our situation. It is a very difficult thing, Sir, to foretell. The rates of interest, I understand, have gone up high, and the Imperial Bank of India has raised its bank rate to 9 per cent.....

THE HONOURABLE MR. H. M. MEHTA (Bombay : Non-Muhammadan) :
It is 8 per cent.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : 8 per cent. in Calcutta means 9 to 10 per cent. in its branches and thus the poor zemindars will not be able to raise their loans even at 15 per cent. Sir, the times are very hard, the zemindars have been practically reduced to poverty and this is the time when they need Government help the most.

THE HONOURABLE MR. J. C. B. DRAKE (Commerce Secretary) :
Sir, I should like to say at the outset of my remarks that Government themselves are in no doubt whatever about the position of the zemindars and in particular of the wheat growers and they do sympathise very deeply with the predicament in which all producers of primary foodstuffs now find themselves. But if, Sir, I do not find it possible to go all the way with the Resolution which has been moved in this House this morning, there are, I think, good reasons for that attitude and I hope to be able to place before the House reasons which they will be able to accept. Now, Sir, in the first place, I should like to remind the House of the objects with which the Wheat (Import Duty) Act was passed early this year. It was made quite clear, Sir, by the representative of the Commerce Department speaking in this House last April that the object of the Bill was to preserve a certain market for the Indian producer which would otherwise have been taken by Australian wheat owing to the fact that it was able to compete with Indian wheat in the areas immediately round the ports. Now, Sir, the wheat position which induced Government to bring that measure before the House was briefly this. During the first six months of 1930-31 there were considerable exports of Indian wheat. Prices were then on the downward grade dropping fairly rapidly, but for some time the price of Indian wheat kept pace with the world price and that continued for some months and therefore enabled Indian wheat to be exported. About the middle of December, 1930, the Indian price rallied, but the downward course of the world price continued with the result that Indian prices were thrown completely out of parity and obviously no further exports of Indian wheat could take place. At the same time, owing to the fall in the general level of the world price, it became possible for foreign wheat—and in our particular case Australian wheat—to be imported into India and to compete successfully with Indian wheat in certain areas. In those

[Mr. J. C. B. Drake.]

circumstances, what Government decided to do was to preserve those areas round the ports for the home produce. I will come later to the question of the exemption of certain forward contracts for wheat, but for the present point in my argument, what I want to make quite clear is this. It was made clear to this House before, and I wish to repeat it, that Government did not expect that the effect of the import duty would be to raise the internal price of wheat in India, and the reason why they did not think it would have that effect was the existence of a large exportable surplus of wheat in India.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Why did the price of wheat rise when all the forward foreign wheat contracts got imported ?

THE HONOURABLE MR. J. C. B. DRAKE : It did not. The actual course of price was something like this. When the Bill was introduced—I will take for the purpose of my argument the price quoted weekly at Lyallpur *f. o. r.*—it does not matter which set of prices we take so long as we take the same set throughout—the price of wheat *f. o. r.* Lyallpur about the 19th March was, I think, Rs. 1-14-0 a maund. As soon as the Bill was introduced the price rose to Rs. 2 a maund, which is what you might expect to take place owing to the sentiment of the market. That passed very quickly and prices again fell ; and during the last five months, taking that same set of prices, there have been fluctuations. The lowest price that has been quoted at Lyallpur is Rs. 1-8-0 a maund and the highest price is Rs. 1-14-6 a maund. So that what has happened is that a low level of price has been maintained in spite of the import duty, and that is exactly what the Government expected would happen. Now, Sir, about this question of the exemption of certain contracts, the reason for that exemption was explained fully before and I do not think it is necessary to take up the time of the House again in explaining why Government considered it necessary to give that exemption. But what I do want to say is this, that, as I stated last week in reply to a question asked by my Honourable friend Chaudri Muhammad Din, the amount of wheat imported free of duty since the Act took effect, that is, since the 20th March, is 116,461 tons. Now, the annual production of wheat in India is estimated at between, let us say, $9\frac{1}{2}$ and $10\frac{1}{2}$ million tons. Now does my Honourable friend seriously ask the House to believe that the import free of duty of rather more than 116,000 tons is going to affect the price in India, if there is indeed a large exportable surplus of wheat ?

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : The annual consumption of wheat in India is on an average $8\frac{3}{4}$ million tons, and if our crop is up to that no import is necessary whatsoever.

THE HONOURABLE MR. J. C. B. DRAKE : Well, Sir, I do not propose to follow my Honourable friend into detailed figures about what the exportable surplus is or what the consumption is. All I would say is this, that the course of prices since the import duty was placed upon wheat indicates the existence of a substantial surplus stock of wheat in India, and indeed, if that surplus stock did not exist there would really be no justification for a duty upon imported wheat at all, because demand would be about equal to supply and the price would regulate itself accordingly.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Each of the last two years' crops, I think, were about 10 million tons.

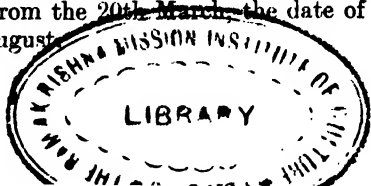
**CONTINUATION OF THE OPERATION OF THE WHEAT (IMPORT DUTY) ACT FOR 1938
A FURTHER PERIOD OF TWO YEARS.**

THE HONOURABLE MR. J. C. B. DRAKE: The final estimate of last year's crop, that is to say, the crop reaped this year, is about 9,300,000 tons against the previous year's crop of 10,000,000 tons—a considerable drop. Well, Sir, the actual question now before the House is whether immediate steps should be taken to continue the existing Act for a further period of two years. We are not really concerned here with the merits of that Act, but with the question whether it should be continued after the 31st March next when it is due to expire. Now, the House will remember that the present Act contains a provision in section 5 which enables the Governor General in Council, after such inquiry as he may consider necessary, to remove or reduce that duty which is now in force. In speaking on that clause of the Bill in this House last April the House may remember that the Honourable Mr. Woodhead explained that if the surplus stock of wheat in India were, owing to any happening, reduced to such an extent that it could no longer be called a genuine exportable surplus, then Government would have to consider whether the effect of the duty was such as to raise prices to the consumer to such a level as would not be justified. In other words, there might come a point when Government might have to step in to protect the interests of the consumer. It was only as a precaution that that section was put in. Now, the argument which was employed in speaking on that section applies to a certain extent to the Resolution which is before the House this morning. The existing Act has still more than six months to run and before the expiry of that period the Legislature will again be in Session. So that, so far as the continuance of protection to the home market, that is to say, this particular form of assistance which, as I have explained, the Act was designed to give—so far as that is concerned, there is no need for any further action until some time, say, four or five months hence, before the present Act is due to expire. And in case there should be any doubt on the question of the policy which Government propose to pursue, I said in this Council last week that the intention of Government was that if no material change took place in the situation it would be necessary to continue the operation of the Act.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: What about the forward contracts then? Will they be recognized, as was done last year, for exemption from import duty?

THE HONOURABLE MR. J. C. B. DRAKE: I am coming to that. Now, my Honourable friend Sardar Bahadur Shivdev Singh Uberoi mentioned that statement which I made and said that he was unable to find it satisfactory owing to the large imports of wheat that had already taken place this year under the provisions of the Act. In referring to the answer which I gave to a question the other day I think my Honourable friend said that there was no guarantee that a large quantity of Australian wheat might not be imported during the succeeding months of the current financial year. I think possibly my Honourable friend had not remembered what was said in this House by the Honourable Mr. Woodhead in speaking on the Bill. What he said, Sir, was this:

“Our information is that the total quantity of wheat for which orders have been placed before the 1st of March for delivery after the 1st of March is approximately 150,000 tons.” Now, the quantity of imported wheat of which I gave the figure the other day to the House was 116,461 tons. That was from the 20th March, the date of the introduction of the Act, up to the 20th August.



THE HONOURABLE SARDAR BAHADUR SHIVDEV SINGH UBEROI : Is the figure 150,000 tons or is it 120,000 tons ? At page 454 of these proceedings, in the last few lines of the first paragraph it is said :

" We have made every endeavour to obtain accurate information, and our information points to the conclusion that the total quantity of wheat which will be exempted under this clause is something less than 120,000 tons."

THE HONOURABLE MR. J. C. B. DRAKE : The difference between those two figures of 120,000 tons on page 454 and 150,000 tons on page 452 is due to the fact that the latter figure relates to the period after the 1st of March, but as the Bill did not come into operation until the 20th of March you have to deduct the imports between the 1st and the 19th of March. But for the purposes of the argument, Sir, there is no difference at all. My point is this. If I take the figure which has just been quoted to us by my Honourable friend of 120,000 tons expected to be exempt, then the amount exempted up to the 20th August is already 116,461 tons and our information is that there is very little more wheat to come in at all. For a long period there have been no imports. I think during July there were no imports at all and during August there was one import, which of course had been ordered before the 1st March, of 8,000 tons. I expect that very little more is due to come at all. So far as we can see, therefore, the figures that we gave before are approximately correct ; the total import after the 1st March will be about 150,000 tons and the total quantity imported free after the 20th March will be about 120,000 tons. I hope that will satisfy my Honourable friend on the question whether a large additional quantity of Australian wheat is likely to come in during the next six months.

Then, as regards the possibility that a change may take place in the general wheat position before the Act is due to expire, I must admit that on the information which is obtainable, that is to say, regarding the world wheat position, the estimates of crop production in the various wheat-producing countries, the present low level of prices,—taking all these points into consideration, there is no immediate prospect of a general rise in price and therefore of an alteration in the conditions as they exist to-day. But he would be a very bold man who would prophesy to-day exactly what the position is going to be three or four months ahead. (*The Honourable Rai Bahadur Lala Ram Saran Das :* " Worse".) As I think I said, I do not propose to be drawn into any discussion as to what are the actual stocks of wheat in India to-day. The difficulty of doing so is, of course, very well known to my Honourable friends. We have in this country no system by which the wheat which is not taken immediately into consumption is placed in large elevators so that you can at any moment point to large visible stocks existing in the country. As I have indicated, the trend of prices would appear to show that there is a considerable surplus to-day, but I am not prepared to say that that surplus is what is sometimes called an " unmanageable " surplus—what I mean by that is a surplus which, given a not improbable combination of circumstances, might be absorbed.

Well, Sir, to sum up the case, as I have tried to present it to the House, the position of Government is simply this, that the Act is in force for another six months, that there is therefore no need to take action immediately ; that unless there should be a material change of circumstances before the expiry of the period, it will be necessary to continue the Act, and that it would be

**CONTINUATION OF THE OPERATION OF THE WHEAT (IMPORT DUTY) ACT FOR 155
A FURTHER PERIOD OF TWO YEARS.**

definitely unwise at present for Government to commit themselves to a course of action which might subsequently be found to be wrong. .

Now, Sir, before I sit down, there is this one more question which is evidently of considerable importance to the Honourable Mover of the Resolution and the Honourable Members who spoke after him, that is, the question of exemption of contracts. The point is this that, in the event of the import duty being continued after the 31st March, would contracts for foreign wheat made before that date be exempted from payment of the duty as contracts made before the 1st of March, 1931, were exempted from the duty under the existing Act. Well, Sir, I can say this that, in the event of the renewal of the duty for a further period, Government would not regard the existence of any contracts that might have been made during the currency of the Act as an adequate ground for exempting from duty wheat imported under such contracts. That is all, I think, Sir, that it is necessary for me to say. I hope I have succeeded to some extent in allaying the apprehensions of the Honourable Mover and the other Honourable Members who spoke in support of the Resolution. It is not possible, for the reasons which I have attempted to indicate, for Government to accept the Resolution as it stands.

THE HONOURABLE KHAN BAHADUR CHAUDRI MUHAMMAD DIN : Sir, in view of the assurance given by the Honourable Member in charge, I would ask permission to withdraw my Resolution.

The Resolution* was, by leave of the Council, withdrawn.

PROVIDENT FUNDS (AMENDMENT) BILL.

THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM (Bihar and Orissa : Muhammadan) : Sir, I rise to move for leave to introduce a Bill further to amend the Provident Funds Act, 1925, for certain purposes.

This is a very simple Bill and it does not propose any drastic change in the old Act. Rather it tries to bring the wording of the Act more in keeping with the spirit of the Act. In the terms of the Objects and Reasons of this Bill there is no material change suggested. Therefore, I do not wish to detain the House for long, but move for leave to introduce the Bill.

The motion was adopted.

THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM : Sir, I introduce the Bill.

**RESOLUTION *RE* REPRESENTATION OF LANDHOLDERS IN THE
NEW CONSTITUTION.**

THE HONOURABLE SARDAR SHRI JAGANNATH MAHARAJ PANDIT (Bombay : Non-Muhammadan) : Sir, I beg to move the following Resolution :

“This Council recommends to the Governor General in Council that in the future constitution of India, adequate representation should be given to landholders with a view to safeguard their interests.”

* “This Council recommends to the Governor General in Council to introduce necessary legislation forthwith in order to secure that the provisions of the Wheat (Import Duty) Act, 1931, shall remain in force for a further period of two years.”

[Sardar Shri Jagannath Maharaj Pandit.]

Sir, I trust that this House will not regard my Resolution either as inappropriate or inopportune. I contend that it is appropriate to this House, for, it roughly represents the whole body of aristocracy in this country, and I am sure even in the future political constitution of India this House will abide and remain as efficient as before, to fulfil its purpose of wisely revising decisions of the other House, and thus co-operating with it for a common purpose. As for my Resolution being opportune, it is almost self-evident as the Round Table Conference is soon to take up its thread of constitution-making and weave out the fabric of a new and cherished polity for India. I must reluctantly point out in this connection that adequate representation has not been given to the special class of landholders in the personnel of the Round Table Conference, and in particular the Bombay Presidency has once more been neglected as would indeed seem to be its fate also in similar other matters. But I leave the matter there, because the constitution of the Round Table Conference is now practically passed recalling. But the needful will be done if those at the Round Table Conference and subsequently the Government of India will pay adequate attention to the question of representatives of the landholders' class in India, at least in the final constitution that may be evolved. It is not for me, who am myself a landholder in the Bombay Presidency, to claim for the landholders' class what is its proper place and position in the constitution of the Legislatures in India, both Imperial and Provincial, but I would content myself with drawing the attention of this House to paragraphs 146 and 148 of the Montagu-Chelmsford Report where the joint authors of the Report observe as follows :

(146) "The natural and acknowledged leaders in the country areas are the landed aristocracy. They generally represent ancient and well-born families and their estates are often the result of conquest or grants from some mediæval monarch. By position and influence and education they are fitted to take a legal part in the public affairs."

Then again in (148) they say :

"No men are better qualified to advise with understanding and great natural shrewdness on the great mass of rural questions which will come before the Provincial Legislatures."

Now, Sir, we landholders, though we form the backbone of the communities in the different Provinces, do not pretend nor can we afford to pretend that the landed aristocracy in this country should not be allowed to dominate over the proletariat and the intelligentsia. We do recognise the necessity as well as the justice of giving all the classes of the population a representation and power in a fully equitable measure in the Legislatures. But unfortunately the trend of both public opinion and the policy of Government seem to incline towards an enforced submergence of the landholders' class in the deluge of democracy beyond all hope and out of all recognition. I would not weary this House with the woeful tale of the progressive neglect which the landholders of the Bombay Presidency have suffered at the hands of the Government in respect of representation in the local as well as the supreme Legislatures. I do not want to be unfair to the Bombay Government, for it has after all shown some perception of the merits of our case. But we have yet to succeed in influencing the mind of the Government of India in this matter. It is however not too late to mend matters, for the evil done by the Simon Commission and the Central Committee to the landholders' class in the Bombay Presidency

can still be remedied, if the Round Table Conference recognises the principle of adequate representation of the landholders in India in all the Legislatures, leaving the different Governments or the Committees to be appointed for dealing with details to give effect to that principle. Some of the landholders possess and enjoy *sanads* or tokens of titles as solemn and binding as the treaties of Princes and Chiefs about which the world has been hearing so much both through the Butler Commission and now also in the Federal Structure Committee, and therefore apart from this question of representation I would like to hint at the necessity of embodying certain provisions in the new Act of the Government of India, that would secure to them a kind of guarantee against molestation, which takes various forms. But I have no time to go into that question, which has as much a legal as a constitutional aspect. My purpose would be served for the time, if I could succeed in persuading this House to accept my Resolution which deals with a matter of urgent necessity as well as justice, namely, adequate representation of the landholders' class in the new political constitution. With these words, Sir, I earnestly request the Honourable Members of the House to support this Resolution.

Sir, I move.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD (United Provinces Northern: Non-Muhammadan): Sir, the landholders are an important class in India. Up to this time they have enjoyed adequate representation in the past and present constitutions of the country by reason of the great influence they have commanded both with the Government and the people. Besides being adequately represented on the Legislatures, through the general electorate, in view of their importance as a class they at present enjoy special separate representation also on the Provincial Legislative Councils of those provinces, like the United Provinces, where the zemindari system prevails, as well as on the Legislative Assembly. In this House they have got adequate representation because of the franchise being mostly based on the qualifications of land revenue and income-tax. But, Sir, with the growth of democratic principles in India and the recognition by the masses of their rights day by day, the influence of landholders is now on the wane, as it is bound to be, and they cannot expect to be returned to the Legislatures in future by the popular electorate in the same numbers as at present. Not only are forces at work to set up the tenants, who are the backbone of the electorate, against the zemindars, but unfortunately for the country there have come into being a class of people who believe in socialism and in pulling down the capitalist class altogether. That being so, there is a danger of the landholding classes being completely wiped out of existence some day if adequate safeguards are not provided in the future constitution of India for the proper protection of their rights and interests. And this, Sir, I consider very essential in the best interests of the country. I therefore gladly support the Resolution of my friend, the Honourable Sardar Shri Jagannath Maharaj Pandit and hope that the House will also extend its support to it.

THE HONOURABLE SIR C. P. RAMASWAMI AYYAR (Law Member): Mr. President, I listened with great attention to the speech made by the Honourable Mover and by the Honourable gentleman who seconded

[Sir C. P. Ramaswami Ayyar.]

the Resolution. At first sight, this Resolution, which deals with the adequate representation to be given to the landholders, does not seem to confine itself to those great landholders on whose behalf the Honourable Mover seems to have spoken. It must be admitted that even under the present constitution, most of the legislative bodies, especially provincial legislative bodies, are fully and adequately representative of the landholding classes, and in fact it may be said that there are few representatives in the Provincial Legislatures who would not come within the designation "landholder". I take it, however, that the object of the Honourable Mover of this Resolution is to protect the interests of the zemindars and the great landholders inasmuch as his speech proceeded on that footing, and I shall therefore confine my remarks to that aspect of the matter. In the first place, it must not be forgotten that on the Round Table Conference to-day there is the Maharajadhiraja of Darbhanga, who is a representative of the landholders and who was able on more than one occasion to voice their aspirations and their demands, ably seconded, as he was, by the Honourable Sir P. C. Mitter, who also more than once in the Round Table Conference declared that he was the representative, the accredited representative—that is the expression that he used—of the landholders of India. In addition to that, there is the Honourable the Nawab of Chhatari and the Raja of Parlakimidi, who comes from my part of the country, and there are four others, I have been told. Therefore, it is perfectly clear that in the Round Table Conference and its resumed deliberations the voice of the great landholders will not be unheard.

THE HONOURABLE SARDAR SHRI JAGANNATH MAHARAJ PANDIT : But, Sir, land tenures and landed interests are quite different in the different provinces and that is why I have said that every Presidency ought to have been represented.

THE HONOURABLE SIR C. P. RAMASWAMI AYYAR : That argument can, I am afraid, be carried too far. Let me illustrate from the province which I know best, my own. The *ryotwari* class would, according to that contention, be entitled to separate representation. The tenures of the Northern and the Southern zemindars are not exactly similar, and if the contention were carried to its logical conclusion, there are at least five different sets of land tenures and land holdings in my Presidency, and I take it that my Presidency is not singular in that respect. My Honourable friend would not contend that 9×5, 45 members, would be the adequate representation of the landholders in the Round Table Conference. His smile proves that my argument has had some effect in regard to this aspect of the matter. But that apart I desire to draw your attention to the attitude taken up by the Government of India in their despatch of September, 1930. They advocated in that despatch the retention of special constituencies for the representation of the great landholders. The Federal Structure Committee have recommended that provision should be made for representation, possibly in both Chambers and certainly in the lower Chamber, of certain special interests including the landholders. The Sub-Committee No. 6, the Franchise Sub-Committee, have also accepted the principle of special constituencies for the Provincial Legislatures, leaving the question of what special constituencies should be formed to be

examined by an expert committee. As is well known, a Franchise Commission is inevitable, and the landholders would have the right and the privilege of putting forward their particular point of view before that Franchise Commission. All that I am concerned to point out now is that in the deliberations of the Round Table Conference which are now going forward it cannot be said that the landholders have not adequate representation, and, having regard to the attitude already taken by the Sub-Committees of the Round Table Conference, my Honourable friend need be under no apprehension that in the new constitution they would be ignored.

I do not propose to deal at great length with those gloomy prognostications regarding the spread of Communism and the disruption of the landholding community which have emanated from the Honourable seconder of this Resolution. All that I can say is that India is largely conservative and essentially hierarchical in constitution and outlook, and I take it that if there is any country where Socialism and Communism have less chance of universal or wide acceptance than another it is India. I do not desire to say more on this point, but I repeat that, having regard to the attitude taken up by the Government of India and the various Committees of the Round Table Conference, and having regard to what I have said with regard to the Franchise Commission of the future, my Honourable friend, it is hoped, will not think it necessary to press the motion to a division.

THE HONOURABLE RAJA LAXMANRAO BHONSLE (Central Provinces : General): I rise to second the Resolution which my friend Sardar Shri Jagannath Maharaj Pandit has moved. We will all agree, I think, that the Resolution is most opportune at the present moment, as the Round Table Conference is still sitting and forging the future constitution of India. It is a fortunate circumstance that in moving this Resolution in this House, we are addressing our appeal to sympathetic ears. Neither the Government nor Members of this House can be unaware of the supreme importance of giving adequate representation to the most stable elements in the body politic in the future constitution of India that will soon take shape. Every country in the world, almost without exception, is passing through a crisis, both economic and political; and the menace of Russian Bolshevik propaganda is present everywhere. The temptation to smash everything that makes for stability and orderly government, and rush headlong towards a social revolution, is making a strong appeal to the common mass mind everywhere; and even the Indian masses and the working classes have, in some places, caught the prevailing infection. Under the specious plea of adult suffrage, and giving everyone a stake in the constitution, there is a danger of the essential requisite of stability being altogether forgotten. I do not forget that the overruling principle of any polity should be the greatest happiness of the greatest number, which is also the main principle of real democracy. But that object can be best served, in the present circumstances of the country, by giving an adequate place to the holders of land who have the largest stake in the constitution that may be evolved as the result of the Round Table Conference. I know both the Government here as well as the British Cabinet in England are not likely to be unaware of the considerations here set forth. But there is no harm in strengthening their hands by this House placing a formal Resolution to that effect on its

[Raja Laxmanrao Bhonsle.]

records. This Resolution seeks to make the position of landholders secure in the future constitution of India, and it has the advantage of eliminating communal conflicts and considerations altogether and uniting Hindus, Muslims and Sikhs into a common bond of defence of their interests. In these days of economic crisis and unbalanced budgets, the tendency to put all the burden on land would make itself more and more irresistible. This is an additional reason why the interests of the land and landholders should find adequate representation in the constitution that is now being devised. I support the Resolution which is now before the House.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadian): Sir, I rise to support the Resolution. There is an apprehension in India, Sir, that the Government of India did not recommend the name of any big landholder as such as a representative on the Round Table Conference. But I am now glad to understand from the Honourable the Law Member that His Highness the Maharajahdiraja Bahadur of Darbhanga, Sir P. C. Mitter and the Raja of Parlakimidi were selected as representatives of the landholders. If I am wrong in this assumption, I wish the Honourable the Law Member to correct me.

THE HONOURABLE SIR C. P. RAMASWAMI AYYAR: Nobody on the Round Table Conference has been selected on the particular ground of representing this interest or that. He, I hope and trust, represents India. But incidentally, those members and certain other members are great landholders and presumably able and anxious to guard their special interests.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Then, Sir, the apprehension of the public, I am sorry to find now, was right, that no great landholder was selected as such to go to the Round Table Conference exclusively to safeguard the interests of big zemindars. But, Sir, I am glad to find that although the great Indian landholders have not been given any representation, still some of the members of the Round Table Conference, who were selected to represent general interests, being landholders themselves, have brought the interests of the zemindars to the notice of the Conference. As the Government of India is also of the opinion that the interests of the great landholders should have a representation, as desired by the Honourable the Mover of the Resolution, I think on that assurance the Honourable Mover will see his way not to press his Resolution.

THE HONOURABLE SARDAR SHRI JAGANNATH MAHARAJ PANDIT: Sir, in view of what has been explained by the Honourable the Law Member, it seems that the Government are alive to the interests of the landholders, and so I beg leave of the House to withdraw the Resolution.

The Resolution* was, by leave of the Council, withdrawn.

The Council then adjourned till Eleven of the Clock on Thursday, the 24th September, 1931.

* "This Council recommends to the Governor General in Council that in the future constitution of India, adequate representation should be given to landholders, with a view to safeguard their interests."

COUNCIL OF STATE.

Thursday, 24th September, 1931.

The Council met in the Council Chamber at Viceregal Lodge at Eleven of the Clock, the Honourable the President in the Chair.

MOTION FOR THE ELECTION OF TWO MEMBERS OF THE ADVISORY COMMITTEE TO ASSIST IN THE CONDUCT OF THE PUBLICITY WORK OF THE GOVERNMENT OF INDIA.

THE HONOURABLE MR. H. W. EMERSON (Home Secretary): Sir, I beg to move:

“That this Council do proceed to elect, in such manner as the Honourable the President may direct, two members of the Advisory Committee to assist in the conduct of the publicity work of the Government of India.”

The motion was adopted.

THE HONOURABLE THE PRESIDENT: In that connection, nominations may be handed in up to 11 o'clock on the morning of the day when the Council next meets. We shall arrive at a decision when the Council will next meet when we have disposed of to-day's business.

INDIAN MINES (AMENDMENT) BILL.

THE HONOURABLE SIR JOSEPH BHORE (Industries and Labour Member): Sir, I beg to move that the Bill further to amend the Indian Mines Act, 1923, for a certain purpose, as passed by the Legislative Assembly, be taken into consideration.

This is, Sir, a one-clause Bill and I have nothing to add to the Statement of Objects and Reasons, which explains the necessity for this measure.

Sir, I move.

The motion was adopted.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE SIR JOSEPH BHORE: Sir, I beg to move that the Bill further to amend the Indian Mines Act, 1923, for a certain purpose, as passed by the Legislative Assembly, be passed.

The motion was adopted.

INDIAN SUCCESSION (AMENDMENT) BILL.

THE HONOURABLE SIR C. P. RAMASWAMI AYYAR (Law Member): Mr. President, Sir, I move that the Bill further to amend the Indian

[Sir C. P. Ramaswami Ayyar.]

Succession Act, 1925, for a certain purpose, as passed by the Legislative Assembly, be taken into consideration.

Honourable Members will realise that this Bill is also practically a one-clause Bill and the idea is to enable corporations also to be included amongst the persons to whom probate may be granted. There is an increasing tendency on the part of persons to entrust this very important and onerous task to public corporations, and I think the Bill will serve a very useful purpose.

Sir, I move.

The motion was adopted.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE SIR C. P. RAMASWAMI AYYAR: Mr. President, Sir, I move that the Bill further to amend the Indian Succession Act, 1925, for a certain purpose, as passed by the Legislative Assembly, be passed.

The motion was adopted.

ALIGARH MUSLIM UNIVERSITY (AMENDMENT) BILL.

THE HONOURABLE MR. RAM CHANDRA (Joint Secretary, Department of Education, Health and Lands): Sir, I beg to move that the Bill to amend the Aligarh Muslim University Act, 1920, for certain purposes, as passed by the Legislative Assembly, be taken into consideration.

Honourable Members have doubtless read the Statement of Objects and Reasons which explains the necessity for this measure. It remains for me only to add a word or two to bring to the notice of the House prominently the main feature of the Bill. Under the Act as it stands at present intermediate education is not an integral part of University training. Although the University maintains an Intermediate College, University instruction as such is confined only to such students as are preparing to obtain a degree. University instruction therefore begins when a student has passed the Intermediate examination. The question whether this system had proved a success came under the consideration of a Committee of Enquiry which was appointed in 1927 by the Chancellor of the University, Her Highness the Begam Sahiba of Bhopal. That Committee was impressed by the arguments that were advanced against the combination in one and the same institution of the Intermediate classes with the upper two classes of the High School, but it did not come to any definite conclusion as it felt that the system had not been given a fair and sufficiently long trial. It therefore suggested that the question should be examined again after a period of three years in the light of such experience as might be gained during that interval. That period expired in 1930 and another Committee went into the question last year and definitely recommended that the Intermediate College should be abolished and that the Intermediate Classes should be transferred to the University, so that a student could begin his course of study as soon as he passed the Matriculation or School Leaving Certificate. This suggestion has been

accepted by the University authorities and the Bill is designed to give effect to this recommendation. When the Bill is passed, the Aligarh Muslim University will be able to revert to the old practice which is followed throughout the greater part of India. Sir, I have said these few words in order to emphasise that the Bill is based on the suggestions which have emanated from the authorities of the University itself. Honourable Members will, I am sure, agree that this is a non-controversial measure.

Sir, I move.

The motion was adopted.

Clauses 2, 3, 4 and 5 were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. RAM CHANDRA : Sir, I beg to move that the Bill to amend the Aligarh Muslim University Act, 1920, for certain purposes, as passed by the Legislative Assembly, be passed.

The motion was adopted.

SHERIFF OF CALCUTTA (POWERS OF CUSTODY) BILL.

THE HONOURABLE SIR C. P. RAMASWAMI AYYAR (Law Member) : Sir, I move that the Bill to extend the powers of the Sheriff of Calcutta to hold persons in lawful custody, as passed by the Legislative Assembly, be taken into consideration.

This is an enactment which has been necessitated by the closing of the Alipur Bridge on certain occasions, owing to which, as will appear from the Statement of Objects and Reasons, it has been found impossible to convey the persons concerned without going beyond the local jurisdiction of the Calcutta High Court. The Sheriff's jurisdiction is confined to the local limits of the ordinary original civil jurisdiction of the Calcutta High Court, and the closing of the Alipur Bridge makes it impossible for the prisoners to travel entirely within his jurisdiction. This is a one-clause Bill and I do not think it is a controversial Bill.

The motion was adopted.

Clauses 2 and 3 were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE SIR C. P. RAMASWAMI AYYAR : Sir, I move that the Bill, as passed by the Legislative Assembly, be passed.

The motion was adopted.

LAND CUSTOMS (AMENDMENT) BILL.

THE HONOURABLE MR. A. H. LLOYD (Nominated Official) : Sir, I move that the Bill to amend the Land Customs Act, 1924, for a certain purpose, as passed by the Legislative Assembly, be taken into consideration.

The object of this Bill is to strengthen the hands of the Customs Department in dealing with the smuggling of articles, the duty upon which is very high in comparison with their bulk and which are therefore easily smuggled from foreign territories adjoining British India. This smuggling is at the present time particularly rife on the borders of Pondicherry. For a number of years past it has been a source of great anxiety to those responsible for safeguarding the revenue that articles of the kind I have described are imported into Pondicherry very largely in excess of any possible local requirements and obviously for the purpose of being smuggled into British India. Articles such as saccharine, gold thread, diamonds and, lately, silver are those to which attention has been chiefly devoted by the smugglers. Those in this House who are familiar with the country about Pondicherry will realise that the geographical conditions make it impossible to establish an effective barrier between the two countries and, although since 1927 the establishments have been three times revised at a total cost of over a lakh of rupees, we have to recognise that a very considerable amount of smuggling still goes on. So we are driven to depend upon the deterrent effect of the penal provisions of the law. At present smuggling of this sort can only be punished under the Land Customs Act which provides for penalties that are imposed by executive officers and not by the judiciary and therefore, very rightly, do not include provisions for imprisonment. It is now proposed to amend the law so that, when the Customs Department think fit, they may send cases of this description before the Courts and render the smugglers liable to imprisonment. In order to remove any possible doubt on the point, I should just like to add that the scope of this measure is naturally limited to the scope of the Land Customs Act itself; that is to say, it only applies to the foreign frontiers of British India to which the Indian Tariff Act has been extended. It therefore has no bearing upon any traffic between the Indian States and British India. I do not think any further remarks from me are necessary in order to recommend this Bill to the Council.

The motion was adopted.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. A. H. LLOYD : Sir, I move that the Bill, as passed by the Legislative Assembly, be passed.

The motion was adopted.

RESOLUTION *RE* TRAVELLING AND DAILY ALLOWANCES OF MEMBERS OF THE COUNCIL OF STATE.

THE HONOURABLE SIR C. P. RAMASWAMI AYYAR (Law Member):
Sir, I beg to move the following Resolution :

“That this Council recommends to the Governor General in Council to amend the rules relating to the travelling and daily allowances admissible to Members of the Council in such manner as—

- (a) to reduce the period preceding the commencement and following the termination of a Session for which daily allowance may be drawn from seven to three days ; and
- (b) to deprive non-official Members of the Council of State of their existing option of reserving a first class railway compartment or steamer cabin for their personal use and drawing the actual cost of reserving the compartment or cabin in lieu of travelling allowance of 1-3/5ths of a first class fare.”

Sir, the effect of the amendment proposed would be to remove the only existing points of difference between the allowances admissible to Members of the Council of State and the allowances admissible to Members of the Legislative Assembly. It cannot be forgotten in this connection that in 1923 and 1926 similar attempts were made which were not very successful, but it is hoped that during the present financial crisis, the gravity of which must have come home to Members of this Honourable House and which has been emphasised so eloquently in the many speeches to which all of us have listened with instruction during the last few days, the realisation of the position of the country would enable the Members of this Honourable House to pass what in effect is a self-denying ordinance. I do not think on this occasion I need make a very long appeal to the Members of the Honourable House. As on previous occasions, the official Members will not vote on this Resolution. The responsibility in this matter will be left entirely to the Honourable Members on the non-official Benches. They realise as much as anybody else does the exact state of the country and I need do no more than commend this Resolution to the unfettered discretion of the non-official Members of this Honourable House.

THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM (Bihar and Orissa : Muhammadan): Sir, on a point of information from the Honourable the Law Member, I should like to know if this is the recommendation of the General Purposes Retrenchment Committee.

THE HONOURABLE SIR C. P. RAMASWAMI AYYAR: The Retrenchment Advisory Committee is understood to have the general question under discussion and although we are not in a position to say exactly what the scope of their recommendations will be, it is understood that those recommendations will be far more wide in scope than anything that this Resolution contemplates. But anything that is done now would only be to equalise the allowances of the Assembly Members and the Council of State Members. Any comprehensive retrenchment that might become necessary after the deliberations of the Retrenchment Committee have been considered by the Governor General in Council would be a matter for further discussion. It may be that the Retrenchment Committee's recommendations and the deliberations of the Government of India may result in a further reduction. It will depend upon the feeling in the country and in the

[Sir C. P. Ramaswami Ayyar.]

two Houses as to what further reductions might be necessary in view of the situation in the country.

THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM : Sir, we the Members of this House and of the Lower House received a questionnaire from the General Purposes Retrenchment Committee and most of us replied recommending some drastic reductions. We would not have grudged this reduction, but rather would have welcomed it if it had been accompanied by a corresponding gesture on the part of the Executive Councillors. The latest figures available are the actuals of 1929-30. I find that under Demand No. 28, the touring expenses of the Honourable Members of the Executive Council amounted to Rs. 52,396, but in this year, 1931-32, when the financial stringency is very high, the Demand has been increased to Rs. 91,000. As regards our own Council, it is said that we have got certain privileges which make our position a little higher than that of the Members of the Assembly or that we are spending more. But this is a delusion. I have collected figures for 1929-30 and I find that we spent Rs. 90,360 in a Session lasting 72 days of 60 Members, which comes to Rs. 20·9 *per capita per diem*, whereas the Assembly spent Rs. 3,51,557 in a Session of 99 days of 146 Members which comes to Rs. 24·06 *per capita per diem*. There is no doubt that we have got certain privileges, but we do not utilise them so frequently and so much as the others. If we were utilising our privileges fully, then the rate could not have come to Rs. 20·9. In addition I wish to mention one more point for the consideration of the House and that is that part (b) of the Resolution is in effect a book entry. Most of the Railways belong to the Government. If you have a reserved compartment, the income goes to the Railway and in an indirect manner it comes back to the Government. The Railway position is very precarious. We are still faced with a great deficit in the working of the Railways. It will accentuate their difficulty and not ameliorate their condition. Railway finances have got to be improved, whether you do it under the head of Railways or under the head of Legislative Bodies. If you want to equalise the position, then it might be said that our sittings must be more. The Assembly have got 99 sittings and we have got only 72 sittings in the year. That makes the difference. There are other difficulties. Most of us do not come a week before and stay a week later. The thing is simply required to keep up a tradition and nothing more. That is all I have got to say about this Resolution.

*THE HONOURABLE MR. G. A. NATESAN (Madras : Nominated Non-Official) : Sir, I thought that this Resolution would be carried as quickly and as unanimously as the previous motions, but the observations of my Honourable friend Syed Hussain Imam provoke me to say a few sentences. I will take the last of his observations first. My Honourable friend talked of tradition but he has been the first here, on more than two occasions to my knowledge, to denounce tradition and prestige on the part of the Government of India. Let us first set an example ourselves when we are given an opportunity.

THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM : Will the Government promise to follow suit, Sir ? On this assurance we are ready to meet them.

*Speech not corrected by the Honourable Member.

THE HONOURABLE MR. G. A. NATESAN: We have nothing to do with what the Government may do or may not do. In view of the tremendous financial crisis to which everybody will be a victim, I should be surprised, Sir, if Government did not of its own accord come up with many proposals, which perhaps will be welcomed by us. But even if the Government refuse to do anything, it should not be said that the non-official Members had an opportunity to rectify a mistake, that they were conscious of the growth of expenditure and were unwilling to forego it. I want my Honourable friend Mr. Hussain Imam and my other colleagues to set an example in that direction. And may I, by the way,—I hope neither he nor any of my other colleagues will take offence—point out to him that he was treading on very dangerous ground when he compared the work in the Assembly and the Council of State by the days. If you take it by the hours, the result will be different. I would therefore ask all my Honourable friends to pass this proposition unanimously.

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI (Madras: Non-Muhammadan): Sir, I support the motion of my Honourable friend Sir C. P. Ramaswami Ayyar. Some of us were thinking of this matter whether we should not at this juncture forego this concession of reserving a compartment. But as a matter of fact, many of us do not take advantage of this luxury of reserving a compartment. Speaking for myself, I do not think that I ever reserved a compartment. But there are certain inconveniences. Whenever the Legislative Assembly and the Council of State meet at the same time, there is a rush and there is some difficulty in getting berths reserved. I hope the Government will address the railway authorities and ask them to give all facilities to Members in reserving their berths. That is the only difficulty we may feel at times. Speaking for myself, I have very great pleasure in supporting the motion. I think that at this time of financial crisis Members should not say “No” to the Resolution, and I hope the Resolution will be carried unanimously.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab: Non-Muhammadan): Sir, I rise to support the Resolution and I wish to create a precedent that this Council accepts a voluntary cut in its own allowance, and I hope that the Executive Councillors and all the officers of Government will follow our example in accepting a voluntary cut in their salaries and allowances.

THE HONOURABLE RAI BAHADUR RADHA KRISHNA JALAN (Bihar and Orissa: Non-Muhammadan): Sir, while supporting the Resolution of the Honourable Sir Ramaswami Ayyar, I further take the opportunity to suggest that if the Session of the Council of State be held towards the close of the Assembly Session, then the work will be continuous and will be finished in much less time and thereby it will be much more economical for the Government and convenient for the Members.

With these words I support the Resolution.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY (West Bengal: Muhammadan): Sir, I also associate myself with my other Honourable friends in supporting this Resolution. We know that example

[Mr. Mahmood Suhrawardy.]

is better than precept and I hope that my esteemed friends opposite, the Mover of the Resolution and others, will set an example as regards their pay, and their princely saloon should also be cut down a little. With these observations I support the Resolution.

THE HONOURABLE SIR C. P. RAMASWAMI AYYAR: Mr. President, I had not intended to intervene in the debate but certain observations made on the floor of the House compel me to say just a few words. It is most gratifying to realize that Members of this Honourable House, true to their traditions, are evincing so much willingness to pass these reductions in their allowances. One or two questions have been propounded and I shall answer them. The first relates to a small matter about a book adjustment. Obviously there is no book adjustment in the case of Company Railways. But a bigger question was raised and that is as to the luxurious saloons referred to by the last Honourable speaker and the princely salary referred to by more than one Member. I am not in a position to say more than this, but I will not say less than this, Mr. President, that in that great appeal made by His Excellency the Viceroy he referred unequivocally to the fact that every one from the highest to the lowest will have to make sacrifices.

THE HONOURABLE THE PRESIDENT: The question is that the following Resolution be adopted, namely:

“This Council recommends to the Governor General in Council to amend the rules relating to the travelling and daily allowances admissible to Members of the Council in such manner as—

- (a) to reduce the period preceding the commencement and following the termination of a Session for which daily allowance may be drawn from seven to three days; and
- (b) to deprive non-official Members of the Council of State of their existing option of reserving a first class railway compartment or steamer cabin for their personal use and drawing the actual cost of reserving the compartment or cabin in lieu of travelling allowance of 1-3/5ths of a first class fare.”

The motion was adopted.

ELECTION OF TWO NON-OFFICIAL MEMBERS TO THE STANDING COMMITTEE OF THE DEPARTMENT OF INDUSTRIES AND LABOUR.

THE HONOURABLE THE PRESIDENT: The Council will proceed to elect two non-official Members to serve on the Standing Committee to advise on subjects other than “Roads” and “Broadcasting” dealt with in the Department of Industries and Labour.

There are two vacancies and there are three candidates, namely, the Honourable Mr. Suhrawardy, the Honourable Mr. Banerjee and the Honourable Mr. Ghosh Maulik. Ballot papers will be handed round and Honourable Members will vote by striking out the name of the candidate for whom they do not wish to vote.

(The ballot was then taken.)

**ELECTION OF TWO NON-OFFICIAL MEMBERS TO THE STANDING 169
COMMITTEE OF THE DEPARTMENT OF INDUSTRIES AND LABOUR.**

THE HONOURABLE THE PRESIDENT : The votes are :

The Honourable Mr. S. C. Ghosh Maulik	..	..	29
The Honourable Mr. M. Suhrawardy	..	..	21
The Honourable Mr. J. C. Banerjee	..	..	10

I declare the Honourable Mr. Ghosh Maulik and the Honourable Mr. Suhrawardy duly elected.

ELECTION OF A MEMBER TO THE IMPERIAL COUNCIL OF AGRICULTURAL RESEARCH.

THE HONOURABLE THE PRESIDENT : The Council will now proceed to elect one Member to sit on the Imperial Council of Agricultural Research and its Governing Body in the place of the Honourable Sir Ramaswami Ayyar. Owing to various withdrawals of nominations, there are now only three candidates for one vacancy. They are the Honourable Mr. M. Suhrawardy, the Honourable Mr. Syed Abdul Hafeez and the Honourable Diwan Bahadur G. Narayanaswami Chetti. Ballot papers will be handed round, but if at the first ballot the Honourable Member at the top of the poll does not secure a clear majority of votes cast, there will be a second ballot after eliminating the Honourable Member at the bottom of the poll.

Will Honourable Members please take note on this occasion that they should vote for the Member whom they support by placing a cross against his name. Three ballot papers were spoiled in the election which has just been held by Honourable Members not following the directions of the Chair. They should vote for the Member of their choice by placing a cross against his name. Ballot papers will be handed round now.

(The ballot was then taken.)

THE HONOURABLE THE PRESIDENT : The votes are :

The Honourable Diwan Bahadur G. Narayanaswami Chetti	26
The Honourable Mr. Syed Abdul Hafeez	.. .. 6
The Honourable Mr. M. Suhrawardy	.. .. 2

In the circumstances, there is no need for another ballot. I declare the Honourable Diwan Bahadur G. Narayanaswami Chetti duly elected.

STATEMENT OF BUSINESS.

THE HONOURABLE SIR JOSEPH BHOORE (Leader of the House) : The business for the next meeting, Sir, will comprise motions for the consideration and passing of the two Bills laid on the table yesterday, and it is possible that the Honourable Mr. Emerson's Resolution recommending that the Governor General in Council should not ratify the Convention regarding forced or compulsory labour and my own Resolution on the subject of the application of the road fund in certain circumstances to meet expenditure on ordinary repairs of roads will also be placed on the paper. I would suggest for your consideration that the meeting might be held on Monday next.

The Council then adjourned till Eleven of the Clock on Monday, the 28th September, 1931.

COUNCIL OF STATE.

Monday, 28th September, 1931.

The Council met in the Council Chamber at Viceregal Lodge at Eleven of the Clock, the Honourable the President in the Chair.

MEMBER SWORN :

The Honourable Mr. Alexander Brebner, C.I.E. (Government of India : Nominated Official).

QUESTIONS AND ANSWERS.

COMMITTEES OF THE CENTRAL LEGISLATURE THAT ASSEMBLED FROM 1ST APRIL TO 4TH SEPTEMBER, 1931.

120. THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM : Will Government give the following information about the Committees of the Central Legislature that assembled from 1st April to 4th September, 1931 :

- (a) names of the Committees ;
- (b) number of members of each ;
- (c) the dates on which they were called and the number of sittings on each occasion ;
- (d) total expenses of each Committee ;
- (e) results : whether still going on, and whether *interim* reports or final reports submitted ;
- (f) what action Government has taken on their reports ;
- (g) when do Government propose to submit these reports to the Legislature ? If never, why ?

THE HONOURABLE MR. A. H. LLOYD : The information asked for by the Honourable Member is being collected and will be supplied as soon as it is complete.

ACTUAL RECEIPTS AND DISBURSEMENTS OF THE GOVERNMENT OF INDIA FOR 1930-31.

121. THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM : Will Government lay on the table the statement of actual receipts and disbursements of the Government of India for the year 1930-31 ?

THE HONOURABLE MR. A. H. LLOYD : The accounts of the year 1930-31 will not be ready before December next.

ACTUAL RECEIPTS AND EXPENDITURE OF THE GOVERNMENT OF INDIA FOR THE FIRST QUARTER OF THE LAST THREE YEARS, ETC.

122. THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM : (a) Will Government lay on the table the actual receipts and expenses of the Government of India for the first quarter of the last three years under each major head and the total ?

(b) Are the income and expenses of the first quarter of 1931-32 according to the Budget estimates ?

(c) Will Government explain what special steps they propose to take to balance the Budget of 1931-32 ?

THE HONOURABLE MR. A. H. LLOYD : (a) I would invite the attention of the Honourable Member to the statement of receipts and disbursements published monthly in the Gazette of India.

(b) The progress of actuals up to date indicates that the Budget expectations will not be realised.

(c) A statement will be made in this Council to-morrow evening.

ARTICLE IN THE *Indian Finance* REGARDING CONTRACTION.

123. THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM : (a) Has the attention of the Government of India been drawn to the article in the *Indian Finance*, dated 22nd August, 1931, on contraction apparent and real ?

(b) Are the statements in this article correct ?

THE HONOURABLE MR. A. H. LLOYD : (a) Yes.

(b) The article contains some assumptions and certain obvious mistakes. I would invite the attention of the Honourable Member to paragraph 105 of the Honourable Sir George Schuster's speech on the Budget for 1931-32 which gives the amount of contraction taking into account rupees as well as notes in circulation.

TOTAL AMOUNT OF SILVER BULLION IN THE PAPER CURRENCY RESERVE ON 31ST MARCH, 1921, ETC.

124. THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM : Will Government state :

(a) The total amounts of silver bullion in the Paper Currency Reserve on 31st March, 1921 ?

(b) The amount of yearly sales and purchases of silver by Government from 1st April, 1921 to 31st March, 1931, showing quantity and prices ?

(c) The yearly amounts of loss in these silver sales from book values from 1st April, 1921 to 31st March, 1931 ?

(d) The amount of silver rupees melted and coined from 1st April, 1921 to 31st March 1931 ?

(e) The estimated amount of silver rupees now in circulation ?

THE HONOURABLE MR. A. H. LLOYD : (a) 41.4 million tolas.

(b) There have been no purchases of silver during the period. As regards sales, the attention of the Honourable Member is invited to paragraph 18 of the Report of the Controller of the Currency for 1930-31 and the Honourable the Finance Member's speech in the Legislative Assembly on the 5th March, 1930. The Government of India consider that it is not in the public interest to disclose any further information at present.

(c) There were no sales of silver between 1st April, 1921 and 31st March, 1927. The losses on the sales from 1927-28 to 1929-30 are given in Account No. 93-A. of the Finance and Revenue Accounts of the Government of India for 1928-29 and 1929-30. The losses in subsequent years will also be published in the Finance and Revenue Accounts of the Government of India. The Accounts for 1930-31 will not be ready before December next.

(d) The amounts of silver rupees withdrawn from circulation and rupees coined are given in the annual reports of the Controller of the Currency. The amounts of silver rupees actually melted during each of the years are not readily available.

(e) It is not possible to make any accurate estimate of the amount of silver rupees now in circulation.

TOTAL NUMBER OF POST OFFICES IN INDIA, ETC.

125. THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM: (a) What is the total number of Post Offices in India ?

(b) How many of these are authorised to (1) issue Post Office Cash Certificates, and (2) open Savings Bank accounts ?

(c) How many of these Post Offices referred to in (b) are in places where Imperial Banks, District Treasuries or Sub-Treasuries are not situated ?

(d) What was the total amount of (1) Savings Bank deposits, and (2) issue of Postal Certificates in Post Offices referred to in (b) and (c) ?

THE HONOURABLE MR. A. BREBNER: (a) 24,281 as on the 31st March, 1931.

(b) (1) and (2). 13,368.

(c) It is regretted that the information is not available and could not easily be collected.

(d) The total amount of Savings Bank deposits in offices referred to in (b) was Rs. 27,82,28,929 and the total amount of Cash Certificates in those offices was of the face value of Rs. 15,59,76,280. Information is not available so far as offices referred to in (c) are concerned.

LAST STERLING LOAN.

126. THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM: Will Government give the following information about the last sterling loan :

(a) When and by whom was it decided to float the last sterling loan in England ?

(b) Were the Governors of the Imperial Bank consulted about the terms and dates of issue of the loan ?

(c) If the reply to (b) is in the negative, will Government explain their reasons for not consulting them ?

(d) If the reply to (b) is in the affirmative, will Government lay on the table their opinion ?

- (e) Will Government state the names of English bankers consulted about the terms and time of flotation and what were their opinions ?
- (f) Did the Secretary of State consider the time to be most suited and what were his reasons for this ?
- (g) Was the announcement of the Premier, about the Government of England backing the credits of India prompted by the Government of India or the Secretary of State ?
- (h) If the reply be in the affirmative, will Government lay on the table the copies of the communications ?

THE HONOURABLE MR. A. H. LLOYD : (a) By the Secretary of State for India in consultation with the Government of India.

(b), (c) and (d). It is not usual to consult the Governors of the Imperial Bank of India regarding sterling loans.

(e) The Government of India regret that they cannot furnish the information.

(f) Yes.

(g) and (h). The Government of India regret that they cannot furnish any information regarding the correspondence that passed between the Government of India and the Secretary of State.

REDRESS OF COMMUNAL INEQUALITIES IN THE CIVIL AUDIT AND ACCOUNTS DEPARTMENT.

127. THE HONOURABLE MR. MAHMOOD SUHRAWARDY : Does the declaration of policy in the Home Department letter No. 176/25, dated the 5th February, 1926, regarding redressing communal inequality apply to the Civil Audit and Accounts Department ?

THE HONOURABLE MR. A. H. LLOYD : Yes.

REDRESS OF COMMUNAL INEQUALITIES IN THE CIVIL AUDIT AND ACCOUNTS DEPARTMENT.

128. THE HONOURABLE MR. MAHMOOD SUHRAWARDY : If the reply to the preceding question be in the affirmative, will Government be pleased to state :

(a) whether Government orders have been disregarded in this Department ?

(b) If so, what steps do Government now propose to take ?

THE HONOURABLE MR. A. H. LLOYD : (a) No, and in order to see that the orders are observed the Government of India receive and scrutinize annual statements showing the communities to which personnel recruited during the year belong.

(b) Does not arise.

REPRESENTATION OF MUSLIMS ON THE ROUND TABLE CONFERENCE.

129. THE HONOURABLE MR. SYED ABDUL HAFEEZ : (i) Will Government be pleased to inform the House of the total number of Muslim members nominated to the Round Table Conference, Province by Province ?

(ii) What are the reasons for the proportion of representation assigned to Bengal, the United Provinces, the Punjab and Bihar ?

(iii) Were the Local Governments asked to submit recommendations for new additions to the Round Table Conference ?

(iv) If the reply be in the affirmative, will Government lay on the table the copies of the recommendations and if any recommendations were overridden explain its reasons for overriding them ?

THE HONOURABLE MR. H. W. EMERSON : (i) I would refer the Honourable Member to the statement which was placed on the table by the Honourable Sir Joseph Bore in reply to question No. 93 of the Honourable Rai Bahadur P. C. Dutt on the 15th instant, since when two more delegates, namely, Messrs. G. D. Birla and Jamal Mohammed have been added to the list.

(ii) to (iv). The Honourable Member is referred to the reply given to the question mentioned above to which I regret I can add nothing.

REVISION OF THE RULES FOR THE ALLOTMENT OF CLERKS' QUARTERS IN NEW DELHI.

130. THE HONOURABLE RAI BAHADUR P. C. DUTT : (a) Is it a fact that Government are contemplating the revision of the rules for the allotment of clerks' quarters in New Delhi ?

(b) Is it a fact that the Imperial Secretariat Association whose opinion was invited on the draft rules, recommended that the limit for the allotment of 'C' type quarters should be raised to Rs. 350 and that the privilege now enjoyed by the non-migratory staff of New Delhi of retaining lien on their quarters although "out-of-class" until higher type quarters are allotted to them, should be extended to the migratory staff as well ?

(c) Is it a fact that some members of the Secretariat staff have represented to Government the hardship that would be caused to them in case no action on the lines suggested by the Imperial Secretariat Association were taken in connection with the allotment of quarters for the next Delhi season ?

(d) What action have Government taken so far in this matter and what action do they propose to take in future ?

(e) Has any reply been returned to representations referred to above ? If so, to what effect ? If not, why not ?

(f) Will Government please state the reason why it was found desirable to extend the concession referred to in (b) to the non-migratory staff of New Delhi ?

(g) Is there any reason why a similar concession cannot be made to the migratory staff with effect from the next Delhi season ?

THE HONOURABLE MR. A. BREBNER : (a), (b) and (c). Yes.

(d) The views of the Association are under consideration in connection with the revision of the rules for the allotment of clerks' quarters in New Delhi.

(e) The departments concerned have been informed that Government have not accepted the requests in the representations, at any rate for the present.

(f) It was represented to Government last year that the rule then in force in the matter of retention of liens applied very hardly in the case of non-migratory staff and after careful consideration of the matter the concession referred to was extended to them without affecting the total accommodation available to the migratory staff.

(g) The conditions are different in the case of the migratory and non-migratory staff.

PROVISIONAL COLLECTION OF TAXES BILL.

THE HONOURABLE MR. A. H. LLOYD (Government of India : Nominated Official) : Sir, I move that the Bill to amend the law providing for the immediate effect for a limited period of provisions in Bills relating to the imposition or increase of duties of customs or excise, as passed by the Legislative Assembly, be taken into consideration.

The object of this Bill is to repeal and replace the Provisional Collection of Taxes Act, 1918. Since that Act came into force there have been constitutional changes which have resulted in the substitution of a double-Chamber Legislature for a single-Chamber Legislature. The consequence is that experience shows that a period of 30 days as prescribed under the existing Act is not sufficiently long and I think this House will particularly feel the importance of that point because under existing circumstances they are always in a Budget Session faced with the risk of having to give what they may perhaps consider insufficient time to the consideration of a Finance Bill if they are not to expose the Government to the risk of losing all the duty that has been provisionally collected since the date of the Finance Bill's introduction in the Assembly. The main object of the present legislation is to extend the period to 60 days thus giving ample time for all proper discussions. Opportunity has also been taken to rectify certain minor imperfections in the existing Act which I do not think this Council will desire me to discuss in detail.

Sir, I move.

The motion was adopted.

Clauses 2, 3, 4, 5 and 6 were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. A. H. LLOYD : Sir, I move that the Bill, as passed by the Legislative Assembly, be passed.

The motion was adopted.

HEAVY CHEMICAL INDUSTRY (PROTECTION) BILL.

THE HONOURABLE MR. J. C. B. DRAKE (Commerce Secretary) : Sir, I move that the Bill to provide for the protection of the heavy chemical industry, as passed by the Legislative Assembly, be taken into consideration.

This Bill, Sir, is the result of two separate Reports by the Indian Tariff Board. On the application of certain firms manufacturing chemicals, the Government of India referred to the Tariff Board the question of protection to the manufacture of three acids and eight salts. But at the same time they authorised the Tariff Board to receive direct applications of a similar character from firms manufacturing chemicals, and in pursuance of that authorisation the Board also examined an application for protection made by the manufacturers of magnesium chloride. As magnesium chloride is a chemical differing basically from the three acids and eight salts originally referred to the Tariff Board, it was found more convenient by the Board to make a separate examination of that industry and to issue a separate report. They therefore issued two Reports, one of which is called the Heavy Chemical Industry Report and the other the Magnesium Chloride Industry Report. These Reports were both published on the 5th of September and in two Resolutions the Government of India announced what their decisions were on these two Reports. Now, taking first the larger of the two, the Heavy Chemical Industry Report, the position, as briefly as possible, is this, that the three acids and eight salts covered by that Report are all based upon the manufacture of sulphuric acid. The Board found this position that the acids enjoyed heavy natural protection owing to the fact that transport of acids by sea from foreign countries was a difficult and expensive business, and the manufacture of these acids in India therefore required no tariff protection at all. On the other hand, as regards the eight salts, owing to the comparatively high cost of the manufacture of sulphuric acid in India, the Indian manufacturer of the salts dependent on these acids found it difficult to compete with the foreign more highly organised industry, so that the final result of the Board's examination was that while the acids required no protection, the salts all required protection in varying amounts. The actual amount of protection required by these salts was calculated by the Board in the usual way, which is no doubt familiar to Honourable Members. They take the cost of production in India, estimate the fair selling price of that product and compare the result with the cost of the imported article. Those details are set out in the Board's Report and it is not necessary for me to trouble the House with them. But there is one important point which I must mention because it involves the main principle upon which the Board's recommendations and the Government's proposals are based, and it is this. Starting with sulphuric acid as the basis, the Board examined the cost of production of a firm in Bombay actually manufacturing this chemical and they found that the actual output of that firm was about 1,200 tons a year. They had to take a certain output upon which to base their estimate of overhead costs. But as there existed in Bombay several firms manufacturing sulphuric acid the smallness of the output was due partly to this internal competition, as well as to competition from abroad, so that, making allowance for that, the Board took an output of about 2,000 tons of sulphuric acid a year on which to base their estimate of overhead costs. They then found that with an output of only 2,000 tons a year the cost would be so high that the different salts would require protection ranging from about 20 per cent. to 200 per cent. and, as the Board rightly concluded, protection upon such a scale as that was out of the question. They went on accordingly to make further calculations based on an estimated annual production of 4,000 tons and again another calculation based on an estimated output of 8,000 tons a year in order to see whether if these

[Mr. J. C. B. Drake.]

chemical manufacturing firms attained that output, they would eventually be able to dispense with protection and so satisfy the principles laid down by the Indian Fiscal Commission. The result of that further examination was to satisfy the Board that on the basis of an annual production of 4,000 tons of sulphuric acid, the industry would be able to survive with only a moderate amount of protection, and that if they were able to reach an output of 8,000 tons they would be able to do practically without any protection at all and would be able to stand on their own legs. That is an important point. As the Board found, it is absolutely necessary if the chemical industry in India is to succeed, that a reasonable output should be attained by a single manufacturing unit. If a single unit cannot attain to 8,000 to 10,000 tons of sulphuric acid a year, there is no hope of its succeeding.

Now, the importance of this question of output explains the reason why the Board found it necessary to go on to two further matters which at first sight would appear to be not strictly relevant to the examination which they were conducting. The first of these is the manufacture of superphosphate fertiliser. The second is the reduction of railway freights. The argument is something like this. As the House will have realized from what I have already said, if a firm is to attain to an annual output of not less than 8,000 tons of sulphuric acid it has got to find a larger demand than exists in India to-day. Even if there were one firm alone in Bombay and one only in Calcutta, the two chief manufacturing centres, neither of those firms would be able to attain an output of 8,000 tons a year because the demand does not exist to that extent. So the Board then considered this question of increasing the demand for sulphuric acid. They took into consideration the fact that Indian soils require phosphatic manures for their improvement and they thought that if the manufacture of superphosphate could be successfully established in India—it has not yet been established—and the demand for superphosphate grew to reasonably large proportions, then they would kill two birds with one stone, the agriculturist would get the manure he required and the chemical industry would get a very largely increased demand for sulphuric acid. It would be possible then, the Board thought, to establish three centres of manufacture of the chemical industry, one in Bombay, one in Calcutta and perhaps also one in Madras, each of which would be enabled to attain to an output of 8,000 tons a year. But, as they went on to say, it would be still more economic if the whole of the chemical manufacture in India could be concentrated at one suitable centre, but, owing to the enormous distances in India, that would not be possible without very extensive reductions in railway freights. They therefore made that recommendation that railway freights should be heavily reduced on the raw materials of the industry and also on the finished product.

Now, Sir, the difficulty with which Government were confronted was this. It was quite evident that they could not treat the Board's different recommendations separately, that is to say, they could not give effect to one and leave the others alone. If they merely imposed the duties proposed by the Board, then the position would be that the present unsatisfactory organisation of the chemical industry would tend to be perpetuated, and on that point the Board

were very definite in their recommendations. This is what they said in paragraph 49 of their Report :

“ We wish to say definitely that in our opinion the chemical industry in India can have no future so long as the manufacture is carried on in small units with low production.”

So that their recommendations must obviously all hang together. At the same time Government were not satisfied on the information they had that the manufacture of superphosphate manure in India is a really practicable proposition. That particular form of fertiliser is in competition with others, and it has not been proved as yet that the manufacture in India of this fertiliser would result in its being obtainable by the cultivator at a lower price than he has to pay at present. Then, again, as regards railway rates, if the railway administrations were presented with a definite scheme for the manufacture of chemicals at some suitable centre and that scheme was shown to have good financial backing behind it and to have been properly worked out on good technical advice, there is no doubt that railway administrations would be quite prepared to consider that scheme very carefully and go into the question of rate reductions. But Government clearly could not initiate the system of reduction of railway freights, because the only thing that certainly would happen in those circumstances would be that the railways would lose revenue and it would not be certain that anybody would gain anything at all. In those circumstances, what the Government of India decided to do was to ask the Legislature to place on the three acids and the eight salts protective duties at the rates recommended by the Board but to limit the operation of those duties to a period of about a year and a half, that is, until the 31st March, 1933. During that period what Government propose to do is to conduct these further inquiries into the possibility of superphosphate manufacture and I may say that they have already started the machinery for making those inquiries. It is also hoped that during that period the firms now manufacturing chemicals will get together and consider what they can do in the matter of re-organising their production. At the end of that time it should be possible for Government to come to a final decision on the question of continuing protection.

Then, Sir, just one brief reference to the case of magnesium chloride. That chemical was examined in 1925 by the Tariff Board, but they found that the conditions did not satisfy the principles laid down by the Fiscal Commission and were unable to recommend protection. When the manufacturers applied again, the examination made by the Board showed that the firm manufacturing this chemical had been able to reduce its cost of production to such an extent that there was a reasonable hope of its eventually being able to survive without protection. Government accepted the Board's recommendation and they have included magnesium chloride in this Bill and placed on it the rate of duty recommended by the Board and for the period recommended by the Board.

Then, as regards the details of the Bill, I need only say that the operation of the protective duties which clause 2 seeks to impose is subject to a proviso the effect of which is that if the ordinary revenue duty to which these articles would have been subject if they were not placed in the protected part of the Tariff Schedule is at any time higher than the protective duty, then the revenue duty will apply to them. It is desirable to take that action to protect the Government against loss of revenue, and it would clearly be anomalous if in

[Mr. J. C. B. Drake.]

seeking to protect the industry part of the shelter already afforded to it by the revenue duty were withdrawn.

Then, Sir, there is only one other point and that is the provision made by clause 4 of the Bill. It has been represented to Government that the future course of prices of imported magnesium chloride is still uncertain. The foreign manufacture of this chemical constitutes a virtual monopoly and evidence is not wanting that in the past efforts have been made to reduce the price of the imported article in India so as to make its manufacture in India unremunerative. Government have therefore included a provision in the Bill which enables the Governor General in Council to increase the duty on magnesium chloride alone if that is found to be necessary after due inquiry. That, Sir, is I think all I need say on the provisions of the Bill.

Sir, I move.

The motion was adopted.

Clauses 2, 3 and 4 were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. J. C. B. DRAKE: Sir, I move that the Bill, as passed by the Legislative Assembly, be passed.

The motion was adopted.

RESOLUTION *RE* UTILISATION OF THE APPORTIONMENT MADE AMONG GOVERNORS' PROVINCES AND MINOR ADMINISTRATIONS IN THE ROAD DEVELOPMENT ACCOUNT.

THE HONOURABLE MR. A. BREBNER (Government of India : Nominated Official): Sir, I move :

"That this Council recommends to the Governor General in Council that, in view of the present financial stringency, and notwithstanding anything contained in the Resolution on roads which was adopted by this Council on the 4th March, 1930, the apportionment made among Governors' Provinces and minor Administrations in the road development account may, in special circumstances and upon the advice of the Standing Committee on Roads of the Central Legislature, be made available, as a temporary measure, for expenditure on the ordinary maintenance of roads, on the condition that the Local Government or Administration undertakes when conditions render this possible, to provide any sums which may have been so applied to maintenance for expenditure upon schemes of development approved by the Governor General in Council on the advice of the Standing Committee on Roads of the Central Legislature."

Sir, I do not think that I need say much by way of commending this Resolution to the Council for acceptance. Honourable Members will recollect that after a consideration of the Indian Road Development Committee's Report, this Council passed a Resolution on the 4th March, 1930, which prescribed the manner in which the proceeds from the increase in import and excise duties on motor spirit should be distributed amongst the provinces. The Resolution further required that any schemes which Governors' Provinces intended to finance from the Central Road Development Account should receive the approval of the Standing Committee on Roads and the Finance

**UTILIZATION OF THE APPORTIONMENT MADE AMONG GOVERNORS' PROVINCES 181
AND MINOR ADMINISTRATIONS IN THE ROAD DEVELOPMENT ACCOUNT.**

Sub-Committee, and I think there was no doubt that the intention was that the money from the account should be spent on constructing new roads and not on the maintenance of roads already in existence.

Amounts have been distributed to Local Governments in accordance with this Resolution, but certain Local Governments have approached the Government of India with a request that they might be permitted to spend the sums that had been allotted to them on maintenance instead of on schemes which had been approved by the Standing Committee on Roads.

THE HONOURABLE SARDAR BAHADUR SHIVDEV SINGH UBEROI (Punjab : Sikh) : Will the Honourable Member name those Governments which have made such a request ?

THE HONOURABLE MR. A. BREBNER : The Governments of Bombay, the United Provinces and the Punjab.

The Standing Committee on Roads was consulted regarding one of these proposals, namely, that made by the Government of Bombay, and agreed to the proposed diversion as a temporary measure. The view which I think they held was that it was illogical to compel Local Governments to spend money on constructing new roads when the state of the finances of the province did not permit of existing roads being properly maintained. At first the Government of India were of the opinion that the wording of the Resolution passed by this Council in March, 1930, would permit of such a view being taken, but further examination of the Resolution has led to some doubts on the point, and we are now advised that general maintenance of roads cannot be said to come within the meaning of the word " schemes."

The Resolution which I now move is designed to enable the Government of India to take the action which the Standing Committee consider to be right and proper in the present difficult circumstances. You will see that it says that

' The apportionment made among Governors' Provinces and minor Administrations in the Road Development account may, in special circumstances, and upon the advice of the Standing Committee on Roads of the Central Legislature, be made available as a temporary measure for expenditure on the ordinary maintenance of roads.'

I should like to emphasise that this action can only be taken in special circumstances on the advice of the Standing Committee and as a temporary measure. The need for such action is explained in the words at the beginning of the Resolution " in view of the present financial stringency " and requires, I think, Honourable Members will agree, little or no explanation. At a time such as the present, there seems to be little point in requiring Local Governments to spend money on constructing new roads when they cannot find funds to maintain in a proper state of repair even such roads as they now have. I should also like to emphasise that Local Governments will not be given an entirely free hand. The approval of the Governor General in Council will be required to specific proposals and the Governor General in Council may be expected, I think, to act on the advice of the Standing Committee on Roads of the Central Legislature.

There is a further condition added, namely, that the Local Government will undertake when conditions improve, and render such a course possible, to provide an amount equal to the sums so spent on maintenance for expenditure on schemes of development approved by the Governor General in

[Mr. A. Brebner.]

Council. It has been suggested that this condition might be made more rigid and provide for repayment in time ; in other words, prescribe that the amount so allotted should be treated as a loan. I hardly think this is necessary. Apart from the difficulty that there would be in drafting conditions to apply at a future date in somewhat indeterminate circumstances, I think it will be generally agreed that Local Governments themselves are sufficiently alive to the need for the development of roads to be trusted not to abuse the position which it is now proposed to create, but to do what they can, as soon as circumstances permit, to refund from general revenues for expenditure on the construction of new roads, sums equivalent to what will have been diverted in the meantime for expenditure on maintenance.

Sir, I move.

THE HONOURABLE SARDAR BAHADUR SHIVDEV SINGH UBEROI :

Sir, when this Road Development Fund was created as a consequence of the recommendation of the Road Development Committee, it was specifically laid down that every pie of this Fund should be spent on the development of roads. I am very glad that my Honourable friend has explained this point in his speech. This Fund is primarily meant for developing new roads, that is, making new roads where there are none and metalling those roads which are unmetalled ones, just to afford convenience for the carriage of agricultural products to the railway stations and places where there are markets for such products. This was the primary object for creating this Fund. I have no doubt that the maintenance of roads which are in a very bad condition would help the motorist also, but the primary object, as I have said, was not to afford relief to Provincial Governments in the matter of the maintenance of the existing roads whose condition is not satisfactory. As far as I am aware, Sir, there is only one Government, that of the United Provinces, which has so far applied to the Standing Committee for diversion of the Fund for maintenance, and that item is included in the agenda of the Standing Committee which is meeting tomorrow. I am not aware whether the Punjab or the Bombay Government has also made such a proposal to the Standing Committee, and the evident result of this Resolution, if passed and approved by the Governor General, would be that every Provincial Government would be persuaded to put in such an application. Honourable Members here are not in a position to know the financial stringency of every Provincial Government as to be able to vote in favour of this Resolution, while if it is put down for the Standing Committee that if any member wishes the representative of any Provincial Government to narrate the case of his Government for diversion of this fund to the maintenance of provincial roads he will do so, the Sub-Committee will be in a much better position to come to a judgment whether the financial position of that province does require diversion of this fund to the maintenance of roads in that province. My fear is this, Sir, that, if this Fund is diverted to the maintenance of roads, although my Honourable friend has put down in this Resolution the condition that the Provincial Government shall be made to make that amount good in subsequent years, but God knows when those subsequent years of prosperity will return—one cannot be certain at this stage—some of the roads where private motorists drive would have the benefit much more than the *kutch*a roads or roads which are not developed and where the people of the villages are to be

UTILIZATION OF THE APPORTIONMENT MADE AMONG GOVERNORS' PROVINCES 183
AND MINOR ADMINISTRATIONS IN THE ROAD DEVELOPMENT ACCOUNT.

benefited ; instead of those people the men of the city who have got very high standard cars would be benefited ; and so the primary object of this Fund would be frustrated. If I may say so, this would be a sort of misappropriation of one Fund for the purposes of benefiting another Fund. So I would just request my Honourable friend not to press this point because he has made conditions also, "if advised by the Standing Committee", and as the Standing Committee are to meet to-morrow and the application of the United Provinces would be there, the Chief Engineer of the United Provinces would be present there to satisfy the members of the Standing Committee that this should be diverted for the maintenance of their provincial roads, in my humble opinion this Resolution will not do very much good even with the existing condition, i.e., "if advised by the Standing Committee". Supposing this Honourable House passes this Resolution, the Governor General gives his assent to it, but it is not advised by the Standing Committee, the members of which would have been in a much better position to find out which Government does require funds for the maintenance of their roads than the Honourable Members of this House. So I request my Honourable friend not to press this Resolution.

THE HONOURABLE MR. JYOTSNANATH GHOSAL (Bombay : Nominated Official) : Sir, I cannot quite understand why there should be any opposition to this proposal. The most important point is that this is only a loan. After all not a single pie of this money is being wasted. The Local Government has to refund the whole amount which is then to be reappropriated for the purpose for which the fund was originally initiated. Secondly, Sir, I do not think the Honourable Member has given sufficient credit to the Road Committee or to the Government of India, not to see that no Government is going to get any help in this way unless it has thoroughly proved its case ; and I think we can trust to the Road Committee and to the Government of India to see that no Government gets any amount unless it fully deserves it. As far as I know it has to be proved,—I know in the case of the Bombay Government they were asked to make out a case—that no part of the retrenchment was being specially put on to Roads in order to benefit any other Department, at the cost of this Road Fund. Every Government has to prove that they are spending, in spite of this concession, as much as they would have done had they not got this concession and if there be any retrenchment, that, from maintenance of the roads was proportionate to the state of the general funds. So any Government must ask for this concession simply on the ground that it is impossible otherwise to maintain the roads. I would also ask the Honourable Members to consider what would be the object in constructing new roads when it is impossible to keep up the ordinary roads to which these new roads are but additions and extensions. After all, the equitable object of this Fund is to give more benefit to those people who have subscribed to the Road Fund, or to those who have already got motors and buses. Surely, they deserve some consideration. If they have got to ply on roads now getting absolutely impassable I do not see how they can be said to benefit at all. I think they deserve some consideration. I strongly support the proposal.

THE HONOURABLE MR. A. BREBNER : Sir, I thought I had made it clear that the Standing Committee had already considered this matter. It was

[Mr. A. Brebner.]

referred to them for advice when the Bombay Government first wrote to the Government of India explaining their difficulties. The Standing Committee considered the question and said then quite definitely that they agreed that the proposal was desirable.

THE HONOURABLE SARDAR BAHADUR SHIVDEV SINGH UBEROI : May I know the date of the Standing Committee's decision ?

THE HONOURABLE MR. A. BREBNER : I can give the Honourable Member the information later. The difficulty which the Government of India was faced with was that it was not possible to give effect to the Standing Committee's advice in view of the wording of the Resolution passed in 1930. All that we are seeking to do to-day is to have a fresh Resolution adopted which will enable the Government of India to accept the advice given by the Standing Committee. I think my Honourable friend may rest assured that the money will not be wasted. It is our intention that Local Governments should be required to let the Standing Committee know exactly how they propose to spend the money and after the Standing Committee have examined the proposals they will advise the Government of India, so that there is ample machinery to see that the money is not frittered away.

THE HONOURABLE SARDAR BAHADUR SHIVDEV SINGH UBEROI : My point was not that it would be wasted but that it would be diverted to a less useful purpose.

THE HONOURABLE MR. A. BREBNER : But surely, Sir, it will be possible for the Advisory Committee to see to that also. It does not follow that any representation made by the Local Government will be accepted. They would be required, as my Honourable friend opposite has said, to prove their case.

THE HONOURABLE SARDAR BAHADUR SHIVDEV SINGH UBEROI : Then this Resolution becomes useless if the Standing Committee has to decide.

THE HONOURABLE MR. A. BREBNER : The Standing Committee will only recommend to the Government of India. I fully sympathise with the views expressed by my Honourable friend but I think it will be agreed that at a time like the present it would really be somewhat absurd to spend large sums on constructing new roads when Local Governments have represented, and represented very strongly, that they cannot possibly, with such funds as they have at present, maintain even such roads as they have already in existence.

THE HONOURABLE SIR CHARLES WATSON (Political Secretary) : Sir, may I ask the Honourable Member a question before he sits down ?

THE HONOURABLE THE PRESIDENT : The Honourable Member can ask the question after the Honourable Member has sat down.

THE HONOURABLE SIR CHARLES WATSON : In describing the Fund to Indian States I was instructed to inform them that only arterial roads were to be considered in the new construction schemes and that the

**UTILIZATION OF THE APPORTIONMENT MADE AMONG GOVERNORS' PROVINCES 185
AND MINOR ADMINISTRATIONS IN THE ROAD DEVELOPMENT ACCOUNT.**

improvement of village roads from the villages to the railway station was not the kind of object for which the Fund was intended. The Honourable Sardar Bahadur Uberoi referred to that type of road and I wish to be certain whether I am right or wrong in holding the view that only arterial roads were intended.

THE HONOURABLE MR. A. BREBNER: I think that is so, Sir, but I may explain that proposals relating to roads in areas with which the Foreign and Political Department are concerned, are not treated in the same manner as proposals received from Governors' Provinces. The former are subject to scrutiny by the Standing Committee before being examined by the Government of India whereas the latter are not.

THE HONOURABLE THE PRESIDENT: The question is that the following Resolution be adopted, namely :

“ This Council recommends to the Governor General in Council that, in view of the present financial stringency, and notwithstanding anything contained in the Resolution on roads which was adopted by this Council on the 4th March, 1930, the apportionment made among Governors' Provinces and minor Administrations in the road development account may, in special circumstances and upon the advice of the Standing Committee on Roads of the Central Legislature, be made available, as a temporary measure, for expenditure on the ordinary maintenance of roads, on the condition that the Local Government or Administration undertakes when conditions render this possible, to provide any sums which may have been so applied to maintenance for expenditure upon schemes of development approved by the Governor General in Council on the advice of the Standing Committee on Roads of the Central Legislature.”

The motion was adopted.

**ELECTION OF TWO MEMBERS TO THE ADVISORY COMMITTEE IN
CONNECTION WITH THE PUBLICITY WORK OF THE GOVERN-
MENT OF INDIA.**

THE HONOURABLE THE PRESIDENT: Last week the Council adopted a motion for the election of two Members to the Advisory Committee in connection with the publicity work of the Government of India. Two Honourable Members have been nominated, namely, the Honourable Mr. G. A. Natesan and the Honourable Khan Bahadur Chaudri Muhammad Din. I have to declare those two Honourable Members duly elected.

STATEMENT OF BUSINESS.

THE HONOURABLE SIR C. P. RAMASWAMI AYYAR (Law Member): Sir, Honourable Members will have seen from the paper which has been placed in their hands this morning, that the Honourable Mr. Lloyd proposes to present a financial statement to the Council at 5 P.M. to-morrow. I hope to make a further statement as to the course of business at the close of to-morrow's meeting.

The Council then adjourned till Five of the Clock on Tuesday, the 29th September, 1931.

COUNCIL OF STATE.

Tuesday, 29th September, 1931.

The Council met in the Council Chamber at Viceregal Lodge at Five of the Clock, the Honourable the President in the Chair.

STATEMENT ON THE FINANCIAL POSITION.

THE HONOURABLE MR. A. H. LLOYD (Government of India : Nominated Official): Sir, I rise to make a statement on the financial position and on the Government's plans for dealing with it, in unusual and difficult circumstances. On the one hand it is necessary that there should be no delay in restoring equilibrium between revenue and expenditure. On the other hand the foundations on which we have to base our estimates are at the moment fluctuating owing to the changes which have come upon our currency position in the week which has just passed. But the very nature of that change makes it all the more necessary that our internal financial position should be sound—for once a country's currency is cut adrift from the moorings of a stable standard such as Gold, it is particularly necessary to avoid getting into any sort of inflationary position resulting from a failure to balance current expenditure with current revenue. If we can convince the world that our internal budgetary and monetary position is sound, then with our favourable balance of trade we shall be able to preserve confidence in our currency and save the country from those disasters which have been apprehended in certain quarters. Therefore immediate steps must be taken to ensure clear and solid foundations for the internal position.

But the very fact that the steps must be immediate creates its own difficulties. In the first place the Government have to present to the Legislature an emergency plan with very short notice. The House may rest assured that this is done with the greatest possible reluctance. The Government recognise that Honourable Members may be put to very great inconvenience by any sudden change in plans, but they on their side will recognise that the public interests must be put first, and that if the public interests make it imperative to take a certain course of action, Government ought not to hesitate to ask the Members of the Legislature to make any sacrifice involved. Nevertheless the Government will do their utmost to meet the convenience of Honourable Members.

The second of the difficulties to which I have referred as resulting from the necessity for immediate action is this. It is quite clear that in present circumstances it is impossible to prepare accurate estimates of what our revenue is likely to be in the next 18 months. The course of the exchange value of sterling and of the rupee is uncertain, while no one can yet foretell what will be the reactions in the world to England going off the Gold Standard. These are very difficult conditions in which to come before the country with a programme of taxation; but the situation, as already explained, is one that admits

[Mr. A. H. Lloyd.]

of no delay. It has seemed to the Government that the only sound course is to take the estimates as they had been able to foresee them before the events of last week and to put before the House a plan which would produce equilibrium on the basis of those estimates.

Then there is another difficulty, resulting from immediate action, in that the Government have not yet had time fully to consider the reports of the various Retrenchment Committees and to work out plans based on them. These reports were formally submitted on Saturday, 19th September. A sub-committee of Council commenced their consideration the very next day—Sunday. Then on Monday came the crisis, and further consideration of the reports has therefore been retarded. I shall have to deal with these reports in a later portion of my speech, but I should like to make clear at the outset that the Government will approach all these proposals with the firm intention of giving effect to them to the utmost extent possible. The Government much appreciate the work which has been done by all the Honourable Members who have served on these committees, and have every confidence that as a result of a general scaling down of expenditure which the recommendations of these committees, if carried out, will effect, the finances of the Government of India will be established on a more secure basis than has existed since before the war, and that by these efforts a position will have been produced which will not only make it possible to establish a new Federal Government on a sound foundation, but will leave a margin available for the development of those nation-building services for which the Provincial Government will mainly be responsible.

Revenue Prospects.

Tax Revenue.—The returns of the first five months indicate that we shall fall short of our budget estimates for customs by at least Rs. 10 crores, the heaviest reductions being under cotton piece-goods, sugar, silver, spirits and liquor, excise on motor spirit, iron and steel and in the jute export duty. As regards income-tax we expect a deficit of $1\frac{1}{4}$ crores; while on salt we expect a reduction of about 8 lakhs. This brings the total deficit on tax revenue to 11 crores 33 lakhs.

Commercial undertakings.—As regards the Railways, traffic returns to date show a very disquieting position. Without attempting to give an exact estimate now, we must clearly accept the fact that it will be impossible for the Railways, in spite of all their retrenchment measures, to make any general contribution to the budget until the present economic depression completely passes. At present it looks for the current year at least as if they will not only have to use the whole of the remaining balance of their reserves, now standing at Rs. 525 lakhs, but also to draw further on their depreciation fund to the extent of about Rs. 160 lakhs in order to meet the interest due on Government advances. It is highly important, if possible, to reduce freights on agricultural products at the present time, and, if it could be done, it would certainly be in the public interest to find a method for easing the Railway position through the present period of extreme depression. Whether it will be possible to relieve the Railways in any way so as to enable them to reduce charges remains to be seen; but, when the taxation proposals are considered, this

aspect of the position should be kept in mind. For the present I can only say that we shall not get any Railway contribution this year, and for this reason Rs. 5.36 crores drops out of our budget.

Under Posts and Telegraphs a fall of 18 lakhs is anticipated in revenue, after taking into account additional receipts from enhanced parcel rates and revised scale of fees for insurance of postal articles introduced with effect from the 15th June and 15th August, 1931, respectively. A saving of 6 lakhs is expected under Working expenses, leaving a net deterioration of 12 lakhs. Honourable Members will recollect that we estimated for a budget deficit of 147 lakhs, so that the position here is extremely unsatisfactory.

Finance headings.—Owing to the cancellation of treasury bills in the Currency Reserve and the utilisation of sterling securities in the Reserves for meeting the requirements of the Secretary of State, the receipts under Currency and Interest show a falling off of 34 lakhs.

The emergence of a revenue deficit in our budget, and in the budgets of the Provincial Governments, and the replacement of treasury bills in the Currency Reserve by treasury bills in the hands of the public as a result of cancelling redundant currency, have not only increased the amount of our borrowings by treasury bills, but also have been the cause of higher discount rates. The charges for discount on treasury bills have therefore increased by 221 lakhs. A reduction of 12 lakhs is anticipated under Interest on ordinary debt in India on account of operations of the Depreciation Funds. The saving of 56 lakhs (representing one half year's interest on the outstanding amount of the War Loan liability) realised from the acceptance of His Majesty's Government's proposal on the principle of the Hoover plan has been partly counter-balanced by the increase of 40 lakhs on interest on the sterling loan of £10 millions raised early in the year.

Owing to the deterioration in the position of Provincial Governments and the Railways, the charge under the heading Interest on other obligations on account of interest on their balances will be reduced by 10 lakhs.

There will be an automatic increase in the provision for Reduction or Avoidance of Debt of 12 lakhs on account of the amount of treasury bills outstanding with the public on the 31st March, 1931, being 10 crores more than was assumed in the budget.

The net result of all these factors is that under the Finance headings our position will be adversely affected to the extent of 2.29 crores.

Under Extraordinary receipts provision has to be made for a reduction of 23 lakhs, as under the Hoover plan we shall have to forego 9 months' Reparations receipts. As already noted, however we have, against this, a saving on the interest on our own War Debt of 56 lakhs.

Civil Expenditure.—As regards Civil expenditure there are unfortunately some items which have not been provided for. These include exceptional items such as the loss owing to the heavy return of nickel coin from circulation due chiefly to the prevailing depression. This accounts for no less than 43 lakhs which according to our practice has to be debited to the budget. Then

[Mr. A. H. Lloyd.]

again there is a good deal of expenditure in connection with the Round Table Conference and the various commissions of enquiry in the North West Frontier Province and elsewhere which have had to be set up in order to carry out recommendations of the last Round Table Conference. As against these items there will be some savings in the current year owing to reductions which have been made (apart from the special retrenchment proposals, to which I shall refer later); but these will probably not be sufficient to offset the items of deterioration which I have mentioned. On all these heads it is necessary to anticipate a deterioration of about 23 lakhs.

To sum up, the total deterioration in our income and expenditure is :

11.33 crores in tax revenue,

5.48 crores on commercial departments,

2.29 crores on general Finance headings,

•23 crore under Extraordinary receipts.

•23 crore under other heads including Civil expenditure.

As the budget provided for a small surplus of 1 lakh, on the basis of the present estimates, there will be a net deficit of 19.55 crores.

Prospects for 1932-33.—As far as we can see at present, there seems to be no justification for expecting any large improvement in the budgetary position next year. In fact, income-tax revenue may be considerably less than in the current year. On the other hand, there will be a saving of 48 lakhs in the interest payments on the outstanding amount of our War Loan liability.

I have already dealt with the factors of uncertainty which affect any estimate that can be given at present. But Government consider that the only safe line to take now is to estimate that conditions will not substantially improve at least before the end of the next financial year, and that we must reckon again on a deficit of 19½ crores for 1932-33.

Putting the deficit for the current year and next year together, there is a gap to fill of 39.05 crores. If we are, straightaway, to establish a really sound position, we need to devise a plan which will provide us during the remainder of the combined two-year period, either with reductions in expenditure or with increased revenue to fill this gap. That is indeed a task of extreme difficulty. We have a two years deficit to deal with, but we have only 18 months left during which new measures can operate. Nor is even this period fully available, for, although new taxation can be made effective from the beginning, there must be some considerable delay before the full results of the Government's retrenchment plans can be met.

Three lines of action.

This is the position, and the line of action which the Government have to take to deal with it may be divided into three distinct lines.

First, reductions in expenditure due to more economical organisation of Government departments and restriction of activities.

Secondly, an emergency cut in salaries.

Thirdly, fresh taxation.

It is well known that the Finance Member has throughout attached primary importance to the first line of action, viz., reduction in expenditure, and if he puts forward the whole of his present programme at a time when the Government have not yet completely worked out their retrenchment plans, he does so only under the compelling hand of necessity. But it is only the details which are lacking, and the Government are determined, as I have already said, to approach all these proposals with the firm intention of giving effect to them to the utmost extent possible. Variations in subsidiary matters there must be, and where essential public interests are concerned, Government must have time to weigh fully the considerations at stake, but their aim and intention is to adhere as closely as possible to the recommendations of the committees. The Government feel that they have no justification in putting plans for taxation before the Legislature except under the most solemn pledge of effecting the maximum reduction of expenditure. Any improvement that can be effected by way of reduction of expenditure is a certain improvement; but any improvement that they seek to make by increasing taxation depends entirely on their estimates being realised, and, in the present conditions, with reduced purchasing power, and when the effects of the reduced gold value of the rupee on imports are still unknown, estimates, particularly of customs revenue, are, to say the least, highly uncertain. Having said this I will turn to a statement of what Government expect to achieve by way of retrenchment, and I will be as definite as possible.

As regards Civil expenditure, apart from commercial departments, an enormously preponderating portion falls within the scope of the General Purposes sub-committee. The General Purposes sub-committee took up first a selected set of subjects which *prima facie* offered the most likely scope for retrenchment. The measures recommended by the sub-committee for this portion of the field would produce savings estimated at about 120 lakhs. For present purposes this figure is taken as the estimated saving, reduced by a margin of 20 lakhs, representing what Government estimate may be the charge for compensation and recurrent pensions payable in respect of officials whose posts are abolished. Thus they reckon to get a net saving of about a crore on this part of the field. They have also to take into account the grants for those departments (largely the main administrative and revenue-collecting departments) which have not yet been examined by the General Purposes sub-committee. Over this part of the field the scope for retrenchment is more restricted. In respect of it they estimate that they will be able to effect a net saving of about 90 lakhs, including an automatic drop of about 23½ lakhs in the expenditure on Census operations, but taking into account something for compensations, etc. This is only an estimate, and in making it the Government have anticipated that the sub-committee will be guided by the same principles that they have applied in dealing with other departments.

Recommendations of the other retrenchment sub-committees (other than those for Railways and the Army) indicate measures for improving the Civil

[Mr. A. H. Lloyd.]

position for 1932-33, as compared with the budget for the present year, by a gross sum of about 97 lakhs. Taking into account compensations, etc., it is proposed to count on a net improvement of 60 lakhs under these grants

Out of the retrenchment measures to which I have referred Government expect to realise savings of about 30 lakhs in the current year.

Military expenditure.—Now I come to the Army. The military authorities have been working throughout in very close touch with their Retrenchment sub-committee, and have been examining all possible methods of economy. The great majority of the measures proposed by the Committee have been accepted in principle; indeed many of them had already been initiated by the military authorities. The Army Retrenchment Committee has not yet explored all parts of the field and estimates have had to be included for the savings here. There is, therefore, possibly some room for further improvement while some of the measures recommended may lead to greater reductions in future years. For the present the Army authorities guarantee for next year a net reduction of $4\frac{1}{2}$ crores. These reductions, therefore, for which we hope, will produce a net defence budget for 1932-33 of Rs. 47·40 crores, as compared with Rs. 51·90 in the current year, and with the stabilised budget figure, of Rs. 55 crores two years ago.

In mentioning this figure, I must make it clear that :

- (a) It includes a reduction of Rs. 1·75 crores of non-recurring expenditure on the special programme of re-equipment which, though very necessary and important from the point of view of efficiency, His Excellency the Commander-in-Chief has, in view of the present financial crisis, agreed to postpone.
- (b) It does not include any allowance for cuts in officers' pay. I shall deal with the possibilities from this separately.
- (c) It does not include any savings which may accrue from reduction of troops, except that of a small reduction on the Frontier.

In accordance with resolutions of the Round Table Conference, the question of the future strength of the Army in India is under examination by the Committee of Imperial Defence.

What this really amounts to is that in two years without impairing the strength of the fighting forces and without taking into account the possibilities of a temporary cut in officers' pay, Army expenditure will have been reduced from 55 crores to 47·40 crores.

Emergency cuts in pay.—We next come to the difficult question of an emergency cut in pay. The general conclusions reached by the Government, as part of the plan which I am now presenting, are :

First, that any cut applied must be general and on a fair basis.

Secondly, that it should be of a temporary nature not extended beyond the need of the present exceptional emergency. Its justification is in the need for a common sacrifice in a national emergency. Although it may be said that the subordinate ranks have gained from the low level of prices, there is as yet no proof

of a substantial fall in the cost of living of many classes of Government servants.

Thirdly, that it should not in any way affect pension or provident fund rights.

A great deal of thought has been given to the way in which a cut should be applied, and after the most searching consideration of all sorts of graduated scales the following conclusions have been reached.

The Government think, first, that a simple plan is best, and that although it may be necessary to exempt pay below a certain low limit at the bottom, a uniform scale is really the fairest and best in the public interest.

The rate is not to exceed 10 per cent. in any individual case, and this is to include the enhancement of income-tax now proposed. For the general Government services the limit of exemption will ordinarily be about Rs. 40. Special considerations may have to be applied to a great commercial undertaking like the Railways, but the maximum will not be exceeded in any case.

As exceptions to the rule fixing the maximum cut at 10 per cent. I am authorised to say that His Excellency the Viceroy has decided that he will impose upon himself a cut of 20 per cent., and that the members of the Executive Council will surrender 15 per cent. of their pay.

The action to be taken by Provincial Governments in regard to officers within their rule-making powers will be for their own decision, but the Government of India have little doubt that they will recognise the desirability of attaining throughout India as large a measure of uniformity as possible.

But it does not lie within the power of the Government of India to take decisions as regards all the officers within its service. Certain officers have been guaranteed their rights under the Government of India Act and these cannot be altered without legislation in the British Parliament. As regards other officers, their position is governed by Fundamental Rule 23, and can only be altered under rules made by the proper authorities. For the great bulk of officers, the rule-making power now lies with the Government of India and Local Governments, subject to the sanction of the Secretary of State in Council. There are certain officers, however, in regard to whom the Secretary of State in Council has himself to make the rules. The position is, that Government have received the assurance of the Secretary of State that he will sanction the rules which the Government of India or Provincial Governments may make in those cases where the power resides with either. Further, in regard to officers protected by the Government of India Act, or in regard to whom the Secretary of State has himself to make rules, I am authorised to say that His Majesty's Government are satisfied that a financial necessity exists amounting to a national emergency, which requires that a reduction should be made in pay, and that His Majesty's Government have undertaken to introduce legislation in Parliament at the first practicable opportunity. The legislation will be of an emergency character, and will authorise the Secretary of State in Council to reduce the salaries of officers protected under the Government of India Act for a limited period and subject to a maximum of 10 per cent. which would be inclusive of the enhancement of income-tax contained in the present financial proposals and subject to a discretionary power for the Secretary of

[Mr. A. H. Lloyd.]

State in Council to make exceptions in cases of hardship. It will apply to the special class of protected officers serving under Local Governments as well as under the Government of India Act. Officers not specifically protected by the Government of India Act, but in regard to whom the Secretary of State has himself to make rules, will be treated on the same lines as the protected officers.

It is thought that it should be practicable to impose the cuts from December 1st next. It must be clearly explained that there is no intention that they should remain operative beyond March 31st, 1933. They will not be continued beyond that date without further examination of economic conditions; and if economic conditions so require or permit they will be reconsidered before that date.

And that brings us to a point of essential importance in this matter. A cut of this nature must be regarded as a very exceptional measure which can only be justified in very exceptional circumstances. It is nothing less than a direct variation of the conditions under which an officer enters the Government service, and it must be remembered that the security of these conditions represents an essential attraction of service under a government. It would be fatal to the public interest if that sense of security were destroyed. Therefore no variation can be justified except in a real national emergency and when it is quite clear that all other measures have been fully tried. Even so it is necessary to examine the case still further. The emergency must be tested by an examination of the causes which have created it. In the present case it was clear that the emergency had arisen from an unprecedented fall in prices of those commodities which India produces and on which the revenue of the country depends. The value of commodities had fallen too low in terms of money, the value of money had gone up too high. But in the last days a change has been made in the basis on which the value of our money, or our unit of currency, depends. The results of this, or of any general economic recovery producing an improvement in the revenue position, may make it necessary to reconsider the justification and necessity for this cut. It is of course clear that a general decline in the gold value of the rupee would affect all servants of Government alike, while I might further mention incidentally that if, on the other hand, the rupee had been detached from sterling and the value of the rupee had either appreciated or declined in relation to sterling, there would have been some difference in the case of certain classes of officers of which Government would have had to take account.

As regards the financial effect of cuts on the scale which is proposed, the position has been estimated roughly as follows.

Civil.—We may put the total saving for 1932-33 at 115 lakhs, and for the four months from December 1st of the current year at 35 lakhs. This includes savings on the personnel of the Posts and Telegraphs Department.

Railways.—The saving on Railways will be very substantial. I refrain from giving an exact figure pending the final settlement of a plan. In any case it will not directly affect the present proposals, for any saving effected by a cut in pay on the Railways must be utilised to improve their own internal position, and cannot be translated into any improvement of general revenues.

Army.—As regards Army officers, the same cut would apply to them as to Civil officers of the Government. A saving of 75 lakhs in 1932-33 and 25 lakhs for the four months of the current year from December 1st is estimated. If this saving is effected it will reduce the expenditure of the Army next year to 46·65 crores.

Abolition of Salt Credit System.—I have now dealt with the first two lines of action, first, General Retrenchment, secondly, cuts in pay; and before I come to the third—which is new taxation—I have to mention another measure which is in the nature of an expedient to improve our revenue position over the next 18 months.

Government have been studying since the end of the last Budget session the possibility of effecting an immediate increase in the salt revenue by reducing or abolishing the credit system. After careful examination of the question in consultation with the officers of the salt department, they came to the conclusion that, subject to giving fair notice to trade, they might justifiably terminate credits altogether. They have accordingly notified the gradual termination of the system by limiting credits to three months as from the 1st October, 1931, and discontinuing the grant of new credits altogether from the 1st March, 1932. This means that the Government will actually collect in the current year and again in next year 15 instead of 12 months' revenue on all salt issued under the credit system. They expect the revenue will be increased by one crore each year on this account. This of course involves no real increase either in taxation or revenue. It only means that Government will during the next 18 months collect 24 months' revenue on credit salt. After that they will be entirely on a cash basis.

Taxation.—I must now turn to the third measure—new taxation. Here Government's plan is very simple, and though unpleasant, it may be claimed to be, on the whole, fair.

General Surcharge.—The main plank of the Government's proposals is to put a temporary surcharge on all existing taxes, with the exception of customs export duties, for these could not without detriment to our export trade be included. With this exception, the surcharge will apply to all customs and excise duties (including salt) and to the income-tax and super-tax. The surcharge which is proposed is 25 per cent. on the existing rates in each case.

The principle is uniform, but as regards the income-tax there is an administrative difficulty inasmuch as the tax, although only imposed as from October 1st, has to be collected on a 12 months' basis. It would lead to great hardship in case of salaries or other income taxed at the source if deductions already made were supplemented by a retrospective increase at the full rate of 25 per cent. The Government propose that the surcharge for the current year should be 12½ per cent. on income-tax, but it will be collected at this rate on the whole year's income.

New Taxes.—Apart from these general surcharges, the Government are forced to include certain new taxes. As regards income-tax, they consider that in this emergency there is justification for reducing the exemption limit and imposing a small tax of 4 pies in the rupee on incomes between Rs. 1,000 and Rs. 2,000 per annum. For the same reasons as I have explained already in

[Mr. A. H. Lloyd.]

connection with the surcharge on the existing income-tax, the rate will be imposed at 2 pies for the current year and 4 pies for next year.

The remaining special increases or new taxes which the Government propose are in regard to import duties. I will deal first with the increases in existing duties.

The Government propose to increase the import duty on artificial silk piecegoods from 20 to 40 per cent. and on artificial silk yarn from 10 per cent. to 15 per cent. They also propose to increase the duty on brown sugar from Rs. 6-12-0 to Rs. 7-4-0 per cwt. This follows the Tariff Board's recommendation. As regards boots and shoes, they propose that there should be imposed as an alternative to the 20 per cent. duty a minimum of 4 annas per pair. The duty will thus be 20 per cent. or 4 annas a pair whichever is the higher. They also propose to increase the duty on camphor and on electric bulbs from 20 to 40 per cent. As regards all these articles the surcharge will be levied on the increased duty.

Then there are three items formerly on the free list on which Government think it justifiable to impose a small duty on revenue grounds. The result of the surcharges imposed in the last Budget and proposed now is that the level of the general revenue tariff has been increased from 15 to 25 per cent. There is, therefore, some justification for adding a 10 per cent. duty to articles hitherto free.

The Government propose to put duties of 10 per cent. on machinery and dyes, and of $\frac{1}{2}$ anna per lb. on raw cotton. The imposition of these duties may appear to be in some ways inconsistent with previous policy. The justification must be the need for revenue, while as regards the cotton mills Government claim that on balance their position will be improved by the surcharge proposals, for under these the import duties on cotton piecegoods will be increased by one-quarter. This more than offsets the burden of $\frac{1}{2}$ anna per lb. on goods made from imported cotton, and affords an effective answer to possible criticisms on the grounds to which I have referred.

One more word as regards the income-tax proposals. In considering the cut to be applied to the salaries of Government officials the Government considered what total reduction of their emoluments could fairly be imposed. If the general rate of reduction is to be 10 per cent., that represents what they think fair, and if further increases of income-tax were to be added, that would go beyond the reasonable limit. They therefore propose that increases of income-tax, both by way of surcharge on existing rates or by way of imposition of a tax for the first time on salaries from Rs. 1,000 to Rs. 2,000 should be merged in any general cut which they are imposing or which the Provincial Governments may impose.

Postal rates.—Apart from measures of taxation the Government propose some enhancement of the inland postal rates, namely, to increase the existing rates in respect of letters and postcards by one-half. That is, the rates for inland postal letters will be $1\frac{1}{2}$ annas instead of 1 anna and for postcards 9 pies instead of 6 pies. This enhancement should produce 73 lakhs in a full year and should go a long way to cover the deficit.

Summary of the plans.

I may now summarise the effects of all these plans.

For the current year the position will improve as follows :

(Figures in lakhs of rupees.)

Special retrenchment programme	30	
Cuts in pay—Civil	35	
Military	25	
Total cuts and retrenchment	90	
Anticipation of salt revenue	100	
Extra taxation—		
Customs—New or increased duties .. .	154	
Surcharges on existing taxes ..	331	
Salt—Surcharge	21	
Income-tax nett	205	
Total new taxation	711	
Increased Post and Telegraph charges..	37	
The total improvement is thus	938	
Against an estimated deficit of	19,55	
We should thus close the year with a deficit of ..	10,17	

On the other hand, in 1932-33 we should have the following improvements :

Retrenchment measures—Civil	250	
Military	450	
Cuts in pay—Civil	115	
Military	75	
Total cuts and retrenchment	890	
Anticipation of salt revenue	100	
Extra taxation—		
Customs—New or increased duties ..	310	
Surcharges on existing taxes ..	662	
Salt—Surcharge	85	
Income-tax nett	353	14,10
Increased Post and Telegraph charges ..	73	
The total improvement is thus	24,73	
Against an estimated deficit of	19,50	
We should thus close the year with a surplus of	5,23	

[Mr. A. H. Lloyd.]

We should thus close the current year with a deficit of 10.17 and the next year with a surplus of 5.23.

That is to say, the combined result of the two years will be a deficit of 4.94.

The Government consider that they are justified in regarding this deficit as covered by making during this period of exceptional stress a reduction of about 247 in each year from the provision for Reduction or Avoidance of Debt. Even after making this deduction, this provision will amount to 4.43 in the current year and about 4.68 in 1932-33. When it is remembered that the portion of our debt which is not covered by productive assets or cash balances is no more than 194 crores this may fairly be claimed as an adequate Sinking Fund allocation during a period of exceptional depression.

But I may put the position in another way which throws up in a still more favourable light what is being proposed. I have explained that on present estimates the combined deficit for the two years is just over 39.05 crores. We may fairly say that half the current year's deficit has already been incurred—say about 9.80 crores. If we look at the task as one of having to make a new budget for 18 months, starting with October 1st, we should have to find means for filling a gap of 29.25 crores. The Government are actually providing for finding improvements of 34.11 crores over the next 18 months. Therefore they are not only providing a balance for that period, but they should have a surplus of 4.86 crores towards making up the deficit of 9.80 crores on the first half of the current year.

If these forecasts are fulfilled, then even if there is no improvement in the economic position, the Finance Member, when he presents the budget for 1933-34, will find himself in possession of a surplus of 5.23 crores and he will be able to make a substantial easing of the burdens.

This is the picture, but a few words may be added. Much will be said about the increase in the burdens of taxation. But the public ought to appreciate that Government are not so much increasing the total amounts of taxes levied as providing by increasing the rates for collecting the same amount of revenue.

The Government's difficulties have not in any way been caused by an increase in expenditure. Quite the contrary. They have in fact to face three things—a drop in the yield of the current taxes, a drop in the revenues from commercial departments, and a deterioration under the Finance headings. The first is met mainly by increasing the rates of the taxes; and the last two by retrenchments. The particular attention of Honourable Members is drawn to a table included in the Financial Secretary's Memorandum, copies of which will be circulated. In this expenditure and revenue are analysed and tax revenue and net administrative expenditure are shown in parallel columns. By the latter I mean the net expenditure on the Army and all other heads charged to revenue with the exception of the debt services. They will find here the true

record of Government's achievements and proposals. This figure of net administrative expenditure will, according to their plans, have proceeded as follows :

(Figures in crores of rupees.)					
1930-31	..	..	..	..	79·67
1931-32	..	..	..	..	74·66
1932-33	..	..	..	..	65·95

If this can really be achieved, then the country will be able to congratulate itself on having put matters on a really sound basis.

STATEMENT OF BUSINESS.

THE HONOURABLE SIR C. P. RAMASWAMI AYYAR (Law Member): Mr. President, I am in some difficulty in attempting to indicate the course of future business in this House. The probability is that some days will elapse before Government are in a position to place further business before the Council, but it is just possible that an emergent necessity might arise for a meeting of the Council to-morrow. In these circumstances, Sir, while expressing my great regret for the ambiguity in which I am forced to leave our programme, I venture to suggest, Mr. President, that you might adjourn the Council to a date and hour to be intimated by circular hereafter.

THE HONOURABLE THE PRESIDENT : I think that if Honourable Members watch the progress of events in another place they may possibly be able to form their own judgment as to when the Council is likely to meet next. For the present I adjourn the Council to a date and hour to be notified to Honourable Members later.

The Council then adjourned to a date and hour to be notified hereafter.

COUNCIL OF STATE.

Monday, 5th October, 1931.

The Council met in the Council Chamber at Viceregal Lodge at Eleven of the Clock, the Honourable the President in the Chair.

MEMBERS SWORN :

The Honourable Khan Bahadur Sir Muhammad Israr Hasan Khan, Kt., C.I.E. (United Provinces : Nominated Non-Official).

The Honourable Mr. Ram Chandra (Joint Secretary, Department of Education, Health and Lands).

QUESTIONS AND ANSWERS.

CASE OF MR. R. P. VARMA, AN ASSISTANT MASTER OF THE EAST INDIAN RAILWAY HIGH SCHOOL AT KHAGAUL.

131. THE HONOURABLE MR. MAHMOOD SUHRAWARDY (on behalf of the Honourable Mr. S. C. Ghosh Maulik) : (i) Is it a fact that Mr. R. P. Varma, an assistant master of the Khagaul East Indian Railway High School (Dinapore) was dismissed from the Mokamah Middle School, Patna and the Katya Middle School, District Saran ? If so, on what grounds ?

(ii) Is it a fact that Mr. Varma created trouble in the Khagaul School ?

(iii) Is it a fact that the Khagaul School authorities took no action whatever ?

(iv) If the answer to the above be in the affirmative, do Government propose to take any action ?

THE HONOURABLE MR. J. C. B. DRAKE : (i) Government have no information but Mr. Varma's appointment to the Khagaul School was confirmed by the local educational authorities.

(ii) and (iii). It is understood that on two occasions charges were brought against Mr. Varma. These were fully investigated by the School Managing Committee and Mr. Varma was definitely cleared of the charges.

(iv) Certainly not.

ALLOWING INCOME-TAX ASSESSEES TO CARRY FORWARD BUSINESS LOSSES INCURRED IN ANY ONE YEAR TO THE NEXT YEAR, ETC.

132. THE HONOURABLE MR. MAHMOOD SUHRAWARDY (on behalf of the Honourable Mr. S. C. Ghosh Maulik) : (a) What is the position with reference to the hope held out in the speech of the Finance

Member in introducing the Budget of 1930-31 of allowing the assesseees to carry forward their losses somewhat on the analogy of the British practice, from the year 1931-32 ?

(b) Will Government be pleased to state the proportion of the different communities amongst the income-tax assesseees as also the communal composition of the staff, gazetted and non-gazetted, for bringing in the Revenue ?

THE HONOURABLE MR. A. H. LLOYD: (a) What the Honourable Finance Member said in his speech when introducing the Budget for 1930-31 was that if the normal economic progress of India was maintained during the following 12 months it ought to be possible to enter on the following year in a stronger financial position and that he then hoped to be able to make a start in introducing the principle of allowing business losses incurred in any one year to be carried forward to the next year. It is hardly necessary to point out that the normal economic progress of India has not been maintained.

(b) A statement showing the composition of the gazetted and non-gazetted staff of the Income-tax Department excluding inferior servants is laid upon the table. I regret that the other information asked for by the Honourable Member is not available as income-tax assesseees are not classified in the returns according to the communities to which they belong.

Communal composition of the staff (excluding inferior staff), of the Income-tax Department as it stood on the 31st December, 1930.

	Hindus.	Muslims.	Europeans and Anglo- Indians.	Sikhs.	Indian Chris- tians.	Others.	Total.
(1) Gazetted ..	204	66	46	9	13	42	380
(2) Non-gazetted	1,490	381	22	21	63	199	2,176

PAY OF MEMBERS OF THE RAILWAY BOARD.

133. THE HONOURABLE MR. MAHMOOD SUHRAWARDY: (a) What is the expenditure incurred by the Government of India on account of the pay and allowances of the Members of the Railway Board, with their personal assistants, etc.? Do Government propose to cut down their pay ? If not, why not ?

(b) Is it a fact that the pay of a Member of the Railway Board is equivalent to that of a High Court Judge ?

THE HONOURABLE MR. J. C. B. DRAKE: (a) The pay of the Members of the Board is Rs. 4,000 per mensem. No allowance is drawn by them. There are no posts of Personal Assistants to Members of the Board.

(b) Yes.

PAY AND ALLOWANCES OF THE MEMBERS OF THE PUBLIC SERVICE COMMISSION.

134. THE HONOURABLE MR. MAHMOOD SUHRAWARDY : (a) What is the expenditure incurred by Government on account of pay and allowances of the Members of the Public Service Commission ?

(b) Do Government propose to reduce the pay of the Members of the Public Service Commission ?

THE HONOURABLE MR. H. W. EMERSON : (a) About Rs. 2,46,000 a year.

(b) This question will be examined in connection with any recommendations that may be made by the Retrenchment Committee regarding the Public Service Commission.

MUSLIM GAZETTED OFFICERS IN THE GOVERNMENT OF INDIA OFFICES, ETC.

135. THE HONOURABLE MR. MAHMOOD SUHRAWARDY : (a) What are the Departments and offices (attached and subordinate) under the Government of India where no Muslim has been appointed to the rank of a gazetted officer during the last 25 years ?

(b) What are the offices under the control of the Government of India, where the percentage of Muslims is less than 10 per cent. of the total strength ?

THE HONOURABLE MR. H. W. EMERSON : (a) The information is not readily available and cannot be collected without an amount of labour which would be disproportionate to the results. I therefore regret that I am unable to undertake to collect it.

(b) I have no up to date information, but the position as on the 31st December, 1930 can be ascertained from the statements showing the communal strength of the clerical establishments of the Government of India Secretariat and its attached and subordinate offices, a copy of which is available in the Library.

PUBLICATION OF THE REPORTS OF THE DIFFERENT RETRENCHMENT COMMITTEES.

136. THE HONOURABLE MR. MAHMOOD SUHRAWARDY : (a) Will Government be pleased to state when they are going to publish the reports of the different Retrenchment Committees for the information of the public ?

(b) What is the amount of expenditure incurred by Government on account of the various Retrenchment Committees and what is the amount of saving proposed by them ?

(c) Do Government propose to amalgamate the Legislative and Assembly Departments ? If not, why not ? Is it the recommendation of the Retrenchment Committee ?

THE HONOURABLE MR. A. H. LLOYD : (a) The reports are being published as soon as they are ready. Those submitted by the General Purposes Sub-Committee, the Stores and Stationery and Printing Sub-Committee, and the Public Works and Audit and Accounts Sub-Committee were published

on the 29th ultimo. The Army and Posts and Telegraphs reports are now in the Press.

(b) I place a statement on the table.

(c) The recommendations of the General Purposes Sub-Committee on this question are awaited.

Statement.

	Expenditure up to date.	Estimated savings (in lakhs) for 1932-33.
	Rs.	Rs.
Main Committee	8,079	..
Army Committee.. .. .	27,595	278·5
General Purposes Sub-Committee	21,215	121·2
Stores, Printing and Stationery Sub-Committee	3,503	11 (approximate ly).
Public Works, Accounts and Audit Sub-Committee.	1,465	70
Posts and Telegraphs Sub-Committee ..	6,476	17*
Railways Sub-Committee	2,318	Report not yet received.

The above estimates do not include any amounts on account of 'cuts' in pay.

*Ultimate savings, Rs. 47 lakhs.

PROPORTION OF MUSLIMS IN THE GOVERNMENT OF INDIA SECRETARIAT.

137. THE HONOURABLE MR. MAHMOOD SUHRAWARDY : (a) What is the proportion of Muslims to the total population of India as revealed by the recent census.

(b) What is the proportion of Muslims in the Secretariat of the Government of India as compared with their proportion to the total population ?

(c) What is the proportion of Muslim graduates to the total Muslim ministerial staff in the Government of India Secretariat and what is the proportion of Hindu graduates to total Hindu ministerial staff in the Government of India Secretariat ?

THE HONOURABLE MR. H. W. EMERSON : (a) 22 per cent.

(b) In the Government of India Secretariat the percentage of Muslims in 1930 was about 19.

(c) The information is not readily available and Government do not propose to collect it as the labour involved would be incommensurate with the value of the results obtained.

PROPORTION OF MUSLIMS IN THE GOVERNMENT OF INDIA SECRETARIAT.

138. THE HONOURABLE MR. MAHMOOD SUHRAWARDY : Is it a fact that the proportion of Muslims in the Government of India Secretariat and in the attached offices is lower than what the Government have agreed it should be ?

THE HONOURABLE MR. H. W. EMERSON : The Government of India have not accepted the principle of proportional representation of any community in the services under their control. The question does not therefore arise. They have accepted the principle of reserving appointments for minority communities in order to redress communal inequalities.

POLICE ARRANGEMENTS FOR THE PROTECTION OF OFFICIALS OF THE GOVERNMENT OF INDIA.

139. THE HONOURABLE MR. MAHMOOD SUHRAWARDY : (a) Will Government be pleased to state if they have provided adequate arrangements for the protection of officials of the Government of India, in view of the outrages in recent times by terrorists ?

(b) Is it a fact that police protection is provided in the offices of the Government of India during office hours ?

(c) What are the usual office hours of the Government of India ?

(d) Is it a fact that some of the doors of the offices have to be kept open after office hours some times till late at night because some of the staff of the Government of India work during late hours ?

THE HONOURABLE MR. H. W. EMERSON : (a) Arrangements have been made which are considered adequate.

(b) Yes.

(c) and (d). The question of office hours is, within limits, one for each Department to decide for itself but generally the prescribed hours of work in the Secretariat are from 10-30 A.M. to 4-30 P.M. except on Saturdays when the hours are usually 10-30 A.M. to 2 P.M. Both officers and establishment however, have sometimes to work to a late hour.

BILL PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE.

SECRETARY OF THE COUNCIL : Sir, in pursuance of rule 25 of the Indian Legislative Rules, I lay on the table copies of the Bill to provide against the publication of matter inciting to or encouraging murder or violence, which was passed by the Legislative Assembly at its meeting held on the 3rd October, 1931.

STATEMENT *RE* RECOMMENDATION CONCERNING THE PREVENTION OF INDUSTRIAL ACCIDENTS ADOPTED BY THE TWELFTH INTERNATIONAL LABOUR CONFERENCE, 1929.

THE HONOURABLE SIR. C. P. RAMASWAMI AYYAR (Law Member): On the 10th March, 1930, a Resolution moved on behalf of Government was

[SIR C. P. RAMASWAMI AYYAR.]

adopted by this House recommending that the Governor General in Council should examine the possibility of giving effect to the Recommendation concerning the prevention of industrial accidents adopted by the Twelfth International Labour Conference, 1929, and that the results of this examination should be placed before this House within 18 months from that date. In pursuance of this Resolution a letter was addressed to all the major Local Governments and the Chief Commissioner of Delhi asking for their views. The replies have now been received, in the light of which the Government of India have undertaken a further examination of this Recommendation.

While there is a general agreement with the principle underlying the Recommendation, there is considerable criticism of the details. The Recommendation is divided into four parts and comprises no less than 23 Articles covering a very wide field of activities. The preamble to the Recommendation extends its application "to agriculture, taking into account the special conditions of agricultural work." The general view of Local Governments, with which the Government of India are in agreement, is that in some respects the Recommendation goes beyond what is possible or necessary in the existing stage of industrial development of the country. In particular it is considered that, even with the proviso contained in the preamble, the application of this Recommendation in any form to agriculture would be inoperative in practice. The use of machinery in agricultural operations is in its infancy throughout India and it would be impossible to take any effective action which would ensure that legislative or administrative orders were carried out. Moreover, it is pointed out that both Parts I and II of the Recommendation presuppose an amount of co-ordination and co-operation between the three parties concerned, namely, Government, the employer and the employee which cannot be expected in existing Indian conditions. Labour in this country is still to a large extent migratory, illiterate and insufficiently organised to be able to undertake the various duties which are implicitly required of it by the Recommendation. In addition, there are certain proposals, particularly those relating to industrial accident insurance, psychological and physiological research, which postulate the existence of organisations and agencies which are either non-existent or still imperfectly developed.

On the other hand, the replies from Local Governments indicate that many of the items in the Recommendation are already in operation in varying degrees and that, in certain directions, further progress is possible and desirable. Indeed, many of the details involved in the Recommendation also find mention in the report of the Royal Commission on Labour. Thus, although the terms of the Recommendation cannot be accepted as immediately practicable, they may be regarded as forming a standard which employers, employees and inspecting authorities may gradually work up to in the future. Of the four parts into which the Recommendation is divided, Part III dealing with the legislation which each State Member should undertake is the only one on which definite action can be taken by Government. For the remaining parts Government are dependent on persuasion and must first secure the co-operation of private organisations and associations. So far as legislation is concerned, Government are anxious that it should not be undertaken piecemeal. The

**RECOMMENDATION CONCERNING THE PREVENTION OF INDUSTRIAL ACCIDENTS
ADOPTED BY THE TWELFTH INTERNATIONAL LABOUR CONFERENCE, 1929.**

Royal Commission on Labour have examined the working of the Factories Act and the Mines Act which are the principal Acts concerned and have made recommendations for their amendment and revision including proposals for industrial safety. The Recommendation of the International Labour Conference will need to be re-examined in the light of the Report of the Royal Commission on Labour, which has only lately been published. The examination of the Report is at present being pursued, but until this is completed Government will obviously not be in a position to take any action. It may also be mentioned that the last reply from a Local Government to the Government of India's circular letter regarding this Recommendation was received only towards the end of June last, and, in view of the numerous criticisms of the details, the time available has been inadequate for arriving at any definite conclusions. As the Report of the Royal Commission on Labour covers the same ground as the Recommendation, the Government of India propose to proceed with the consideration of the latter simultaneously with the former and to give effect to it as far as may be practicable.

**RESOLUTION *RE* RECOMMENDATION OF THE INTERNATIONAL
LABOUR CONFERENCE CONCERNING FORCED OR COMPULSORY
LABOUR.**

THE HONOURABLE MR. H. W. EMERSON (Home Secretary) : Sir, I beg to move the following Resolution :

" This Council, having considered the Draft Convention and Recommendations concerning Forced or Compulsory Labour, adopted by the 14th Session of the International Labour Conference, recommends to the Governor General in Council that he should not ratify the Draft Convention."

" I do not propose to engage the time of the House by a detailed account of the Draft Convention and Recommendations, and I shall try to confine myself to a brief description of the relevant objects and terms of the Convention and to a statement of the reasons why the Government of India are compelled with great reluctance to recommend to the House that the Convention be not ratified. The Draft Convention, which has been under discussion for some years, was passed at the 14th Session of the International Labour Conference, held at Geneva, in June, 1930. Under our Treaty obligations it has to be brought for consideration before the Indian Legislature within a limited period, and it is in accordance with these obligations that I have moved the Resolution. The object of the Convention is to secure the stoppage of forced or compulsory labour, except where such labour is clearly necessary in the interests of the State or of the community. The exceptions include compulsory military service ; the exaction of labour from convicts ; the employment of forced labour in times of emergency, as, for instance, war, flood, famine, earthquake, pestilence, etc. It is a measure designed on humanitarian principles, and it is hardly necessary for me to say that the limitation and regulation of forced labour has the complete sympathy of the Government of India. This has been made quite clear in the correspondence that has passed on the subject and also in the attitude adopted by the official representatives of the Government of India at the Conference of 1930. Moreover, Government have done all that is possible to secure such amendments in the Draft Convention as would admit

[Mr. H. W. Emerson.]

of its ratification. Unhappily those efforts were unsuccessful, and this is the more unfortunate since in relation to the general scope of the Convention the matters which present difficulties are of comparatively small but yet of vital importance. The chief obstacle to ratification is the fact that the Draft Convention contains no exemptions which cover the case of the administration of criminal tribes. If, therefore, the Convention is ratified, Local Governments must abandon the work they are doing in this respect—a course which in their opinion and that of the Government of India would be definitely retrograde both for the community at large and for the individuals concerned. In this respect the House will no doubt wish to know a little about the work that is being done in connection with criminal tribes. There are in India 61 settlements of members of these tribes containing over 31,000 persons; there are 34 schools for the education of the children of these tribes. I need hardly remind the House that the criminal tribes are by heredity addicted to crime and that the objects of the work now being done are two-fold, firstly, reformatory and secondly, preventive. The community is protected against their depredations, while provision is made for members to obtain an honest livelihood and education is given to children with the object of making them useful citizens. The opinion of the Local Governments concerned is unanimous that at the present time work of the greatest value is being done. I will give a few instances. In 1918 there were in the Punjab over 30,000 registered members of wandering and settled criminal tribes; these were under the full restrictions permitted by the law. By 1930 it had been possible to remove the restrictions for over 16,000 of these persons who were then living amongst the ordinary population as free men, and, speaking generally, without any harm at all to the community. In Bombay the number of discharges on license has exceeded the number of persons placed in settlements, and free colonies have been established for those discharged who have no homes of their own. The population of these colonies has increased from about 3,000 in 1928 to about 5,000 at present. The conditions of labour under which the inmates of these settlements live are far from irksome and there are many cases in which those discharged return of their own accord to the settlements because of the labour and favourable wages available. On the reformatory side, therefore, there is ample evidence that the work being done is of real value. The same is true of the preventive side. In the Punjab the reported figures of crime attributed to members of the criminal tribes is now only one-tenth of what it was 14 years ago. I think that is rather a remarkable figure and shows what effect the administration of the tribes has had on the incidence of crime. In Bombay there is, or rather was, a criminal tribe known as the Chapparbands, whose particular amusement it was to forge coins. Work was begun amongst them in 1909, when 200 of them were in jail, and most of those who were not in jail had previous convictions against them. In 1930 the settlement consisted of only 10 adults, and there had not been a single case of coining against any person of the tribe for ten years. There is another tribe in the United Provinces known as the Bhandus who were notorious dacoits. As a result of reformatory methods they are now among the best settlers. These instances show that it would be a real disaster, both from the point of view of the community and of the individual, if it were necessary to abandon this work. One

**RECOMMENDATION OF THE INTERNATIONAL LABOUR CONFERENCE
CONCERNING FORCED OR COMPULSORY LABOUR.**

result would almost certainly be a recrudescence of serious crime and both society and the individual would suffer. Unfortunately, the ratification of the Draft Convention would leave Government no option at all in this respect. The legal view taken is that the definition of compulsory labour would undoubtedly include the labour taken from inmates of the criminal tribes settlements, even though the labour in the great majority of cases is willingly given and in no case is excessive. Similar difficulties arise in the case of children and adolescents placed for training in industrial and other schools established under the various Children's Protection Acts. Much of the work now being done in reformatory schools would have to be abandoned if the Convention were ratified. In these circumstances Government are constrained to recommend to this Council that the Draft Convention be not ratified. I would again make it clear, however, that the attitude of Government is based not on any disagreement with the principles and objects of the Convention but because ratification would involve the abandonment of humanitarian work to which the Government of India and Local Governments attach great importance. While, therefore, they cannot recommend ratification, they have accepted in another place an amendment the effect of which is to commit themselves to action in other respects in accordance with the provisions of the Draft Convention. The same amendment will be moved in this House by my friend, the Honourable Mr. Whitty, and if accepted by the Council will leave no room for doubt in regard to the position of the Government of India.

Sir, I move.

*THE HONOURABLE MR. J. T. WHITTY (Bihar and Orissa : Nominated Official) : Sir, I move :

"That for the original Resolution the following be substituted, namely :

'While considering that the Draft Convention on forced labour could not be ratified until Article 2 thereof is modified so as to exclude labour exacted under the Criminal Tribes Act, the Good Conduct Prisoners' Probationary Release Act and other similar legislation in force, this Council recommends to the Government of India that they proceed to take action on all other provisions contained in the Draft Convention and the Recommendations as soon as may be practicable.'

As the Honourable Mover of the Resolution has accepted this amendment and has explained why it has been accepted, I have nothing further to say, Sir. I move that this amendment be adopted in place of the original Resolution.

The motion was adopted.

THE HONOURABLE THE PRESIDENT : I understand that the only business remaining before the House for disposal in the current Session is the consideration of the Bill which was laid on the table just now, the Bill commonly known as the Press Bill, which was passed by the Legislative Assembly on Saturday. The House knows that under the Standing Orders the Bill has to lie for three days before a motion to take it into consideration can be made. At the same time, the Chair has power to suspend that Standing Order and to shorten the period of notice or dispense with it altogether. In order that I may exercise my discretion in the matter, I should be very glad if Honourable Members would indicate their views as to when the consideration of the Bill should be taken up.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : Sir, as this is rather an important measure and as certain Members will be sending in amendments, I propose that the Bill be taken up on Wednesday next.

THE HONOURABLE MAJOR NAWAB SIR MOHAMED AKBAR KHAN (North-West Frontier Province : Nominated Non-Official) : Sir, I have to request that the Bill be taken up as early as possible and if it is not agreeable to this House to discuss the Bill to-morrow, then it should not be delayed any further, but it should be taken on Wednesday. But my own view, Sir, is that we know all about the Bill and if it is taken up to-morrow it cannot be any inconvenience to anybody because all the Members have been attending and have heard the discussion in the other place about the Bill, so I think that if it is taken up to-morrow it will not be inconvenient to anybody. Still, if Members insist that it should be delayed and not taken up to-morrow, then I quite agree that the Bill should be taken up on Wednesday.

THE HONOURABLE SARDAR BAHADUR SHIVDEV SINGH UBEROI (Punjab : Sikh) : I know, Sir, Honourable Members are very anxious to leave Simla, some of them at least, and I have no desire to put them to any inconvenience ; but I think it would be sheer injustice if this important measure is hurried through and taken into consideration to-morrow. Had the Bill been sent to the residences of Honourable Members on Saturday evening, then there would have been justification for that. It was only put before us this morning and if the literature which the Home Department kindly sent to us on Saturday evening, had been supplied to us a few days earlier, we could have gone through it. In spite of honest efforts to go through it, I could not even finish one, so I think it is to the convenience of Honourable Members that the Bill should be taken into consideration on Wednesday and not earlier.

THE HONOURABLE RAI BAHADUR RADHA KRISHNA JALAN (Bihar and Orissa : Non-Muhammadan) : Sir, I shall be glad if Honourable Members would realise that we have other work to attend to. This is a matter which has already been well understood and if it is taken up to-morrow I think that will be much better.

THE HONOURABLE SARDAR BAHADUR SHIVDEV SINGH UBEROI : I at least admit that it is not understood by me and I am not prepared to take part in the debate unless I go through all the papers and read them carefully.

THE HONOURABLE SARDAR SHRI JAGANNATH MAHARAJ PANDIT (Bombay : Non-Muhammadan) : Sir, I think that the Bill should be taken up to-morrow. It is only a question of 24 hours and I think it will be of greater convenience to all the Members if the Bill is taken up to-morrow.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY (West Bengal : Muhammadan) : Sir, I also endorse the view that the Bill should be taken up as early as possible and to-morrow will suit all of us because we got the literature on Sunday and we have had time to discuss the matter and we know what the Press Bill is. If some of my friends are anxious that the matter should be delayed, I would request them not to put other Members to inconvenience in order to suit their convenience.

THE HONOURABLE MR. P. H. BROWNE (Bengal Chamber of Commerce) : Sir, I would also like to support the Members who are in favour of taking up the Bill to-morrow and I hope the Members who are against it will give way on that point.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE (East Bengal : Non-Muhammadan) : Sir, I endorse the same view as the previous speaker has taken on this point.

THE HONOURABLE THE PRESIDENT : It appears that at least there is a majority in favour of proceeding with the Bill to-morrow. The only consideration which would induce me to require longer notice of this motion is that Honourable Members should be given an opportunity to draft and put in amendments and so far I have not been told by any Honourable Member that it is his intention to move amendments.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : It is my intention to move amendments.

THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM (Bihar and Orissa : Muhammadan) : I also desire to move amendments.

THE HONOURABLE THE PRESIDENT : There are two Honourable Members desiring to move amendments. It seems to me they have in the lists of business in another place ample guidance as to the amendments that might be possible for the list of amendments in the other place was very long. I still think that it will be in the interests of the House and for the convenience of Honourable Members if the Session is not further delayed and so I adjourn the House till to-morrow morning at 11 o'clock.

The Council then adjourned till Eleven of the Clock on Tuesday, the 6th October, 1931.

COUNCIL OF STATE.

Tuesday, 6th October, 1931.

The Council met in the Council Chamber at Viceregal Lodge at Eleven of the Clock, the Honourable the President in the Chair.

QUESTIONS AND ANSWERS.

NUMBER OF MUHAMMADAN OFFICERS AND CLERKS IN THE HEAD OFFICES OF THE EASTERN BENGAL RAILWAY.

140. THE HONOURABLE MR. MAHMOOD SUHRAWARDY (on behalf of the Honourable Mr. Syed Abdul Hafeez): Will Government please state the number, if any, of Muhammadan officers and clerks in the Head Offices of the Eastern Bengal Railway including the Personnel and Establishment branch.

THE HONOURABLE MR. J. C. B. DRAKE: There is no Muslim officer in the Headquarters offices of the Eastern Bengal Railway. Government have no information about the number of Muslim clerks in those offices, and regret that they are not prepared to call for details of communal representation in individual offices.

CONFIRMATION OF TEMPORARY HANDS IN THE TICKET-CHECKING DEPARTMENT OF THE EASTERN BENGAL RAILWAY.

141. THE HONOURABLE MR. MAHMOOD SUHRAWARDY (on behalf of the Honourable Mr. Syed Abdul Hafeez): (a) Will Government be pleased to state if it is a fact that there are only 28 permanent employees in the Ticket-checking Department of the Eastern Bengal Railway and that the rest, about 400 hands, are all temporary, and that several of the temporary hands have put in more than five years of service?

(b) If the answer to (a) is in the affirmative, why have the temporary hands not been confirmed?

THE HONOURABLE MR. J. C. B. DRAKE: I have called for certain information from the Agent, Eastern Bengal Railway, and will communicate with the Honourable Member on its receipt.

INDIAN PRESS (EMERGENCY POWERS) BILL.

THE HONOURABLE MR. H. W. EMERSON (Home Secretary): Sir, I move that the Bill to provide against the publication of matter inciting to or encouraging murder or violence, as passed by the Legislative Assembly, be taken into consideration.

Sir, in bringing forward any measure of legislation it is the business of Government to convince the Legislature that the powers for which they ask do not exceed what is necessary and what is reasonable.

[Mr. H. W. Emerson.]

It is particularly incumbent on Government to satisfy those two conditions when, as in the present instance, they propose to exercise some degree of control over the press. Public opinion in all countries is jealous of the freedom of the press, and in India it is rightly jealous lest at a time when its destiny is in the making restrictions should be placed on the expression of political views or on the exchange and conflict of ideas which might have the effect of impeding the attainment of legitimate aspirations. There has never been a time when the promotion of a sound and sane public opinion was more essential or when it was more necessary that the country should bring to the consideration and conclusion of the many problems which confront it a calm and cool judgment unbiassed by appeals to hatred and passion. If it were true that Government in bringing forward this measure were inspired by any desire to restrain the legitimate activities of the press, or even if without that desire the effect of this measure would be of this character, then it would be difficult to defend. I shall endeavour to convince the House that this is not so, and for this purpose I am prepared to accept the test which I have myself just indicated, that the powers for which Government ask are not in excess of what is reasonable and what is necessary. To this end I will ask the House to consider the provisions of the Bill in respect of the following matters :

Firstly, the character of the writings against which the Bill is directed.

Secondly, the class of publications it is intended to affect.

Thirdly, the particular section of the public to which the writings in question are designed to appeal.

I will take each of these matters in turn and will start with the nature of those writings which will come within the mischief of the law when this Bill is passed. The first point I would emphasise is that they are of very restricted scope. I would refer to clause 4 of the Bill, where they are defined as follows. In order to come within the mischief of the Bill the writings must either—

“(a) incite to or encourage, or tend to incite to or to encourage, the commission of any offence of murder or any cognizable offence involving violence, or

(b) directly or indirectly express approval or admiration of any such offence, or of any person, real or fictitious, who has committed or is alleged or represented to have committed any such offence.”

Broadly speaking, the writings against which it is intended to take preventive action are those which either give encouragement to murder or violence or which exalt the cult of assassination or assassins. The House I believe will not desire to contend that writings of this character exceed the limits of reason as well as decency. The necessity of the action requires little demonstration. Honourable Members have, I believe, received copies of a collection of extracts made from various newspapers which contain incitements to violence or the eulogy of murder and murderers. I hope they have been able at least to glance through those extracts, for I can conceive no more conclusive proof than they afford of the prevalence of the evil against which this Bill is directed. And I would ask the House to remember that, while this collection is fairly representative of writings in Bengal, it gives unhappily but a very inadequate idea of the extent to which similar writings

are published in other provinces. Had time permitted, it would have been a matter of the greatest ease to have made a compilation many times as large. Even so, Sir, the evidence is overwhelming. I would lay particular stress on two points. The spate of violence and hatred, which is daily pouring forth from a section of the vernacular press, is not confined to one or two newspapers. If Honourable Members will take the trouble they will see that there is a large number of publications which have the discredit of being represented in the collection which is in their hands. The compilation illustrates the extent to which the liberty of the press is being degraded and disfigured by the growth of a decadent type of journalism which is alien both to the traditions of the people and which is opposed to the principles followed by responsible journalists—of whom there are many in this country. The second point I would like to stress is the utter intolerance of these writings. It is not enough that they should contain insidious and often direct incitement to the murder of Government officials, whose only offence is the performance of their duty in difficult and trying times. They are almost as hostile to those who venture to differ from the creed they profess. In another place the Honourable the Law Member drew particular attention to this feature, and with his permission I will venture to quote some of the passages he cited and the comments he made on them. The first passage is the following :

“The battle is bound to go on until a socialistic and communistic republic is established.”

And again :

“We shall not be content with destroying the white-skinned English only, we want the destruction of the native black-skinned Englishmen too. We want the downfall of Gandhi who is religiously minded, a traitor to the nation and a patron of capitalists.”

Once more :

“The fight for freedom cannot be an open fight ; we shall have to take to guerilla warfare. What will have to be done is a country-wide and a lasting terroristic movement.”

And the last quotation :

“The Congress has reprobated such murders. The deeds of the young men indicate that these do not care for the Congress or the leaders, and they will and must go their own way.....In the Legislative Assembly there was a bomb explosion. Its fumes, like the lightning wave, spoke in every corner of India, and let it speak. May revolution live long ! Without destruction the work of construction cannot go on.”

Are such extracts, asked the Honourable the Law Member, indicative of the better mind of the country ? Are these passages a manifestation of the genius and culture of this age-long land ? His answer was an emphatic “No”, and that negative has been endorsed by the passage of the Bill through the Legislative Assembly by a substantial majority. I am confident that this House will give an equally clear reply. It may be contended, however, that writings of this character, although they merit condemnation in themselves, are not of such influence that their prevention alone will solve the problem of terrorism. That may be at once admitted. There is another collection in the hands of Members, a list of terrorist crimes committed during the past 2½ years, and a very ghastly record it is. The length of the list and the nature of the crimes shows that the evil is too widespread for any single measure to furnish an

[Mr. H. W. Emerson.]

effective and early remedy. But, Sir, of the several factors which contribute towards the encouragement of this movement there can be no doubt that the dissemination of inflammatory writings exerts the most potent influence. On this point Local Governments are unanimous, and if any further evidence were wanted it is to be found in the confession of many of those who have been detected in crimes of this character that their initiation on a career of crime dates from the time they took to reading revolutionary literature. But apart from the effect on the individual, there is another aspect of this matter to which I personally attach greater importance. The ultimate conclusion of terrorism in this country depends less on punitive and preventive measures, necessary as they are, than on the creation of a sound, sane public opinion and the growth of a spirit of revolt against the commission of infamous crimes that are bringing the country into grave discredit. There have been fortunately many signs during the past few months of influences working towards this end. But how, one may ask, can these influences possibly be successful when their efforts are being continually frustrated by the dissemination of writings of the character that are now before Honourable Members? Before there can be any progress in this direction it is necessary to rid the press of the poison which is now impeding a healthy course of action. And this suggests an answer to those who contend that this Bill represents an insidious attempt by Government to silence the press. Nothing could be more opposed to the interests of Government in fighting this movement than to check, by curtailing the liberties of the press, the progress of constitutional movements, for although he would be an optimist who would believe that the attainment of constitutional freedom will necessarily bring an end to this terrorist movement, still there is no reason to doubt that that attainment will restrict to a very large extent its activities.

I now come, Sir, to the second matter which I mentioned at the beginning of my speech, namely, the class of publications which will be affected by the Bill. I may say at once that no newspaper, which does not encourage the cult of violence or murder, has anything whatsoever to fear from its provisions. Moreover, any existing newspaper which may in the past have transgressed the limits now set by clause 4 has the remedy in its own hands. It can be subject to no inconvenience whatsoever unless and until it offends against the provisions of that clause; and I believe there are not a few newspapers the proprietors and publishers of which will be only too glad to be relieved of the publication of objectionable matter which either competition or example has induced them in the past to publish. There remains a third class of newspapers, namely, those whose set policy it is to influence the minds of their readers by direct or indirect incitements to violence. Their circulation depends on the vehemence of their writings and, whether their motive be greed or the desire to create a state of chaos, their writings are frankly revolutionary. They are usually of little standing and, needless to say, they are devoid of any sense of responsibility. They will continue their mischief so long as the law permits them to do so and they will employ every device in attempting to evade the consequences of the law. It is against publications of this kind that this Bill is mainly directed and its provisions have been framed with this class of newspaper particularly in view. I would ask Honourable Members to take particular notice of this point because it will be necessary to refer to it in connection with several of the amend-

ments that have been tabled. The House will, I think, have no hesitation in agreeing that papers of this class deserve no sympathy and that it is both necessary and reasonable that powers should be taken towards which will effect either their reform or in the alternative their suppression. The offence of these papers is the more heinous because of the objective of their appeal and this brings me to the third matter, namely, the special section of the public towards whom these newspapers direct their appeal. Some years ago, Mr. Eardley Norton, who at that time had an unrivalled experience of revolutionary trials, described the effect of inflammatory writings on securing recruits for the terrorist movement. Referring to the Alipore case, he recalled how youth after youth confessed that he had been practically debauched by the printed vernacular press of his own countrymen. And I do not think that he could have used a more appropriate term than the word "debauched" in stigmatising the process of degradation for which these papers are responsible. A portion of the youth of this country—thank Heaven it is only a small portion—is being daily debauched by articles and pamphlets so worded as to make a direct appeal to the young and immature. Appeals based on a false nationalism are being made to their courage and self-sacrifice and the promise of a martyr's crown is being offered to those guilty of crimes that shock humanity. The effects, Sir, are only too evident. To those who are in touch with this movement two tragedies stand out. The first is the wanton destruction of lives each of which in its own way has been spent in the service of India. The second is the record of those guilty of that destruction, an almost invariable story of youth distorted and twisted from its proper purposes. If this Bill were necessary for no other purpose, it would find its justification in the necessity of preventing at least one means by which organised and deliberate attempts are being made to pervert the youth of India. On the facts as known to all of us, there can be no doubt of the necessity of a measure to check an evil which is going on before our eyes, and I would repeat that it is with the object of stopping this evil and with this object only that Government have brought forward this Bill. It is an emergency measure, the duration of which cannot exceed two years. Its compass has been reduced to the most narrow limits consistent with the attainment of its object and the machinery by which effect will be given to its purposes has been scrutinised with the utmost care so as to ensure that it is not in excess of the work it is required to do. That work it must perform, but, subject to this vital condition, Government have shown themselves ready to make such adjustments and adaptations as will mitigate its rigour, while not detracting appreciably from its efficacy. But I should deceive the House if I were to leave in any doubt the belief of Government that no more room exists for further adjustments and adaptations. Largely on their own initiative, they have gone to the utmost limits in removing any possible cause of inconvenience to newspapers which do not wish to associate themselves with this campaign of inflammatory writings. I claim, Sir, that the powers which this Bill is designed to give are not one jot in excess of its purpose and that the attainment of that purpose is a matter of necessity to the well-being and good name of the country. I am confident that this House will condemn in the clearest terms the cult of violence against which the Bill is directed and will give to Government the powers necessary to deal with one important aspect of it.

Sir, I move. (Applause.)

THE HONOURABLE THE PRESIDENT : The question is :

“ That the Bill to provide against the publication of matter inciting to or encouraging murder or violence, as passed by the Legislative Assembly, be taken into consideration.”

To that motion, as the House will have seen, there are three amendments tabled, printed as Nos. 1, 2 and 3 on the paper, all standing in the name of the Honourable Mr. Syed Hussain Imam. With regard to the first, which is “ That the consideration of the Bill be postponed for one day”, I have on various occasions pointed out to the House that a motion for the adjournment of a discussion can only be made with the permission of the Chair. The reasons for that ruling I need not go into now. In this particular case the Honourable Member's amendment appears to me to be an attempt to go behind the order given from the Chair yesterday that the discussion should proceed to-day. It will obviously be wrong for the Chair to invite the House to express an opinion on a ruling already given on a matter which was entirely in the discretion of the Chair.

The second amendment is “ That the Bill be circulated for the purpose of eliciting opinion thereon ”*. Rightly or wrongly the rules do not provide for such an amendment in the second Chamber. The only amendment that can be made in the second Chamber in certain circumstances is “ That the Bill be referred to a Select Committee ”. That is the substance of the Honourable Member's third amendment. Ordinarily, as the Press Bill was introduced in the Legislative Assembly and was there referred to a Select Committee, that Bill could not again be referred to a Select Committee in this House, but owing to a procedure for various reasons adopted in the other place, it so happens that this particular Bill, which we are considering, has not been referred to a Select Committee and therefore the Honourable Member's amendment is in order. If he desires to move it, I will call him now.

***THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM** (Bihar and Orissa : Muhammadan) : Sir, in moving the third amendment standing in my name, namely :

“ That the Bill, as passed by the Legislative Assembly, be committed to a Select Committee (the names of Members to be mentioned afterwards)”

I wish to say a few things. First of all I want to apologise to my colleagues in this House for bringing in this host of amendments which may inconvenience many of my friends. But in doing so I was guided by my thinking. As the representatives of the people it is our bounden duty to bring the grievances of the public before the Government. Whether the Government are prepared to redress them or not, that is not our business. Our duty is simply to bring them to the notice of the Government, and if we subordinate our duty to our convenience we will be failing in our duty to our constituencies. I assure my official friends that not only this House, but the whole of India and the intelligentsia is in agreement with them as far as the principle of this Bill is concerned. No one wants the terrorist movement to go on in India. It is not only harmful to the Government but it is harmful to the country as well, and we would be ready to support every legitimate attempt to suppress anarchical crime. But, Sir, we can

*Speech not corrected by the Honourable Member.

be a party to suppressing the terrorist movement, but we cannot be a party to taking away the liberty of the Press. The Press in India is a means of educating public opinion. It is dear to our hearts and we do not like to see it gagged and muzzled. Liberty of expressing opinion on all matters of public importance is the inherent right of citizens as well as of the Press and if this right is taken away from us we are bound to take exception to it. There is the dictum of privileged occasion in law as well. This Bill is so wide, its provisions are so stringent and its applicability is so boundless that we dare not arm an irremovable, irresponsible and irresponsible bureaucracy with the enormous powers contained in this Bill. Had these powers been demanded by a Government responsible to the people, we might have given them those powers because we would have been assured then that they would not be misused. We would have had the guarantee that they would have to come before us and argue their case, and if they maladministered the provisions, they could be ousted. But with this Government, is there any possible check on their maladministration of the provisions? This is the reason why India demurs to giving these powers to the British Government. The people of India wish to be assured that the powers now sought are not such that they can be used as repressive measures to suppress the legitimate liberty of the Press. The main idea underlying all these amendments that I have brought forward is that there are certain provisions in this Bill under which even innocent persons are penalised together with the guilty. It is there that the main objection of the Legislatures lies. I will give you a few instances. In clause 3, the keeper of any new press which may be started may be required to deposit a security which may amount to Rs. 1,000. Those who are conversant with the vernacular press in India know that the cost of such a press is between Rs. 200 to Rs. 400. That is all that is required to start a vernacular press. The amount of the security is enormous compared with the cost of the press, and secondly, innocent persons, who have done nothing wrong, are in the first place asked to deposit a security which may amount to Rs. 1,000. We find that for people whose incomes are not fixed like our friends of the Government Benches, and who may not look with complete equanimity on the present troubled condition of the agriculturist and the trade depression, the amount of Rs. 1,000 is a little bit too much. There is another glaring instance of how the basic principles of law have been overlooked in drafting this Bill. Clause 18 (1) says :

“Whoever makes, sells, distributes, publishes or publicly exhibits or keeps for sale, distribution or publication, any unauthorised news-sheet or news-paper shall be punishable with imprisonment....”

Well, Sir, the unauthorised newspapers do not bear any seal or any glaring trade mark to show they are unauthorised. A news agent can have absolutely no knowledge whether a paper is authorised or not, and yet he is liable to imprisonment which may extend to six months or to a fine or to both. There is no saving clause that the news agent should be possessed of the knowledge.

THE HONOURABLE THE PRESIDENT : If the Honourable Member is going to move his amendment No. 89 on the list, I think he might reserve the remarks he is making till the moment when he does move that amendment.

THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM : I was just referring to instances, and this is one, of how innocent

[Mr. Abu Abdullah Syed Hussain Imam.]

people are being penalised along with the guilty. Then, as I have said, the amount demanded in the first instance, as well as the quantum of the subsequent demands of security are rather too high for the present depressed condition of India. Even in criminal trials the punishment for each crime is separately given and the usual practice is that the sentences run concurrently. Here a man can be penalised first as a printer and secondly as the publisher. One and the same person can be twice penalised and there is no provision in this Bill to take away this glaring injustice. The powers of the High Court are fixed by Statute, but this Bill wants to restrict the powers of the High Court as well and in a way it overrides the provisions of the Government of India Act. When this Bill was referred to a Select Committee of 11 Members, including the Honourable the Home Member, in the other place, the Home Member with five others formed a majority, while the remaining five submitted a note of dissent. The vote of the majority has been acted upon in framing this Bill. I am very glad that in the Assembly two amendments were accepted by the Honourable the Home Member. In drafting my amendments I have seen the first Bill and there are therefore two amendments which I will withdraw as they have already been accepted. Most of my amendments are based on the note of dissent of those five members of the Select Committee. Sir Hari Singh Gour and four others. That is one reason why I have made this motion for resubmission of the Bill to Select Committee. There is no doubt the Select Committee appointed in the other place did a great service to India. The Bill as originally brought forward has been materially changed. Many of its original glaring defects have already been removed, and if we have any objection left it is very slight and it is not at all so vehement as it was before. Therefore, Sir, I make this motion.

THE HONOURABLE SIR C. P. RAMASWAMI AYYAR (Law Member): Mr. President, Sir, I am in some confusion at the present moment inasmuch as the Honourable Member who has just finished speaking referred in some detail to the specific amendments which he has tabled and not so much to the main purpose of the amendment of which he was in charge, which is that this Bill be referred to a Select Committee. I propose, with your leave Mr. President, to deal only with that motion, the gist of which is this, that the Honourable Member wishes to persuade this House that the consideration that has been paid to this measure in the Select Committee in another place and the amendments moved in another place do not satisfy him. He is not content with the Bill as it has emerged from another place and desires the united wisdom of this Honourable House to impinge upon the measure so as to improve it. It may incidentally be observed that the amendments for which he has made himself responsible are *ipsissima verba* the same as those which were discussed in great detail and with much display of learning and ingenuity in another place. I have not—I may be corrected if I am wrong—observed in any of these amendments any material alterations from the amendments which engaged the attention of the Legislative Assembly, but I take it that the motive of the Honourable Member is to focus the attention of this House again on those points which have engaged the attention of the Legislative Assembly. In doing so he is perfectly within his province, but what I am desirous of pointing out to this House is this, that although I was not technically a member of

the Select Committee of the Legislative Assembly, I had the privilege of attending it and I wish to assure Honourable Members here that every point of view was presented which might mitigate what were conceived to be the rigours of the original Bill by men who had made a very careful study of its provisions and were anxious to round what they considered to be its corners. The Select Committee, as the result of its labours, put forward a Bill which I am glad to find the Honourable Member recognizes as a great improvement on the original Bill. He has also admitted that other amendments were accepted. But it was made clear in the Legislative Assembly during the debates that, while Government are anxious and have always been anxious to give the utmost latitude to the persons hit or intended to be hit by this measure there were certain essential safeguards and preliminaries which could not be whittled down thus practically nullifying the effect of this Bill. Let me put the proposition in another way. In many ways, as my Honourable friend himself admitted, the powers of the High Courts have been extended and ambiguities removed. A comparison of clause 4 of this Bill with the provisions of the old Press Act, which were the subject of comment and criticism in the famous *Comrade* case, would demonstrate how fundamentally different the provisions of clause 4 are from the provisions of the old Press Act and the Ordinance. It cannot be gainsaid that a great improvement has been the result, an improvement tending uniformly in the direction of the liberty of the press. But that having been said, this must also be added, namely, that it is not possible to effectively combat the evil—and a very real evil it is—unless a certain amount of latitude and initiative is given to the mechanism which my Honourable friend has characterised as the irresponsive and irresponsible bureaucracy. As a temporary member of that bureaucracy may I say this, that in every country the bureaucracy is essentially charged with certain executive functions. And all that is to be attempted and may legitimately be attempted, is to curb, if possible, the excesses or the possible excesses of that bureaucracy. That has been attempted, and I submit successfully attempted, in this Bill. My Honourable friend in the course of his remarks referred to the new presses as having no remedies if proceeded against under the powers vested in that bureaucracy. Let me point out to my Honourable friend that no High Court can ever adequately deal with a new press, because my Honourable friend would be the last person to burden the High Court with that defective or investigatory power acting on confidential information by virtue of which alone a bureaucracy can act and are to act in the case of new presses and which the High Court cannot utilise. Would my Honourable friend ask the High Court Judges in the exercise of their jurisdiction which is to decide upon evidence carefully sifted and analysed and placed before them in a particular manner, would my Honourable friend ask the High Court to investigate the career of a person and come to a conclusion whether security should be demanded or not? High Court Judges would resent being called upon to do that work on those materials, and the High Court is not the proper forum for that. On the other hand, in order to mitigate the possible rigours of that procedure and that policy, let my Honourable friend not forget that if for three months the new press is not guilty of publishing any offending matter, automatically, *ipso facto*, the security of that new press is refunded. That, I submit, is a safeguard which has been newly introduced into this Bill which ought to meet the desire of my Honourable friend. As to the old presses, the provisions are

[Sir C. P. Ramaswami Ayyar.]

adequate and numerous for the purpose of testing everything in the High Courts.

Mr. President, I do not desire to follow my Honourable friend into the details of this measure, but let me say this, that every attempt has been made not unduly to curtail but solely to restrict within proper bounds the restrictions upon the press. My Honourable friend referred also to clause 18 and if I may say so with all apologies his illustration was infelicitous. May I point out that the mischief which clause 18 seeks to deal with is this, that there are news-sheets publishing rank incitements to violence, without the name of the printer or publisher ; certain powers have to be taken in order to prevent this. How are you going to do it supposing you do not find the name of the printer or publisher but a man is circulating it all over the country ? That is the evil which is sought to be prevented by clause 18 and provisions, virtually drastic, are necessary having regard to the magnitude and the insidiousness.

THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM : If this is mentioned in clause 18, we might not have objection. That has not been mentioned.

THE HONOURABLE SIR C. P. RAMASWAMI AYYAR : If my Honourable friend will scrutinise that clause, he will realise the necessity for action against unauthorised news-sheets and I do not think his difficulties would be insuperable. But, Mr. President, I shall not proceed much further with detailed argument. All that I am anxious to point out is this, that this Bill and the amendments to this Bill have been scrutinised carefully— I admit not scrutinised by this House but scrutinised thoroughly and in a workman-like manner elsewhere, and I do not think any real purpose will be served by referring this Bill again to a Select Committee. But if objections are felt by any Members of this House, my Honourable friend's diligence and ingenuity has provided this House with occasion for examining every comma and semi-colon in this Bill. Let me conclude by saying this. Going through the extracts, can anyone doubt that there is a real and great evil which has to be combated ? I am very glad that my Honourable friend has recognised it. Somebody in another place referred to a writing on the wall. What do I regard as the real writing on the wall ? What do I regard as the portent of the coming times ? What do I regard as the chief obstacle to the fruition of India's ambitions ? It is the emergence of this fanatical and misguided movement, this revolt against all ordered progress which is a menace to our future, that future in the greatness and certainty of which I am a firm believer. (Applause.)

THE HONOURABLE THE PRESIDENT : The question is :

“ That the Bill, as passed by the Legislative Assembly, be referred to a Select Committee.”

The motion was negatived.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY (West Bengal : Muhammadan) : Sir, in supporting this measure that is before the Council to-day, I wish to make a few observations. I welcome this measure, not as a repressive measure because repression is of doubtful merit, but because it is a

protective and preventive measure against writings that lead to incitements of crimes of violence and assassination, in newspapers and other publications of that nature. Therefore, Sir, at the very outset I feel it my duty to endorse whole-heartedly the following passage in His Excellency's memorable speech on Monday, the 14th September, when His Excellency Lord Willingdon addressed the Members of the Central Legislature, and when he referred to a disquieting feature of these tragic happenings as lying in the fact

"that these outrages have been committed for the most part by immature youths who, at the most emotional and susceptible time of their lives, are being literally exploited through the teachings and writings of revolutionary leaders to carry out their criminal and murderous designs."

Then His Excellency expressed the hope that he and his Government in the performance of their manifest duty could rely on the support of Honourable Members in taking all necessary and reasonable steps to stamp out these terrorist and revolutionary activities which were destroying the fair name of India in the eyes of the world. Sir, the House will concur with me when I say that all the non-official Members of this Honourable House will give their help in all necessary and reasonable steps to stamp out the terrorist and revolutionary activities. We are at one with the Government and His Excellency the Viceroy in thinking that these revolutionary activities and terrorist preachings are hampering the healthy and legitimate growth of Indian politics. There does not appear to be any Honourable Member of this House who is an advocate of violence and assassination, and I venture to suggest that our traditions and culture prevent the large majority of the people of our country sympathising with assassination and violence of all forms which we have undoubtedly seen within recent times. But, Sir, when we come to enact a measure which tends to prevent such violence and assassination I think my Honourable friends opposite will admit that we are entitled to examine as practical politicians with great clarity and precision, first to satisfy ourselves that the measure is going to have a beneficial effect, and secondly, that it is not going prejudicially to injure any body in the whole country. In order to do that, I think it may be useful to endeavour to analyse the forms of violence which we have seen in India during the last few months. I would divide them into three classes :

(a) There is the terrorist movement as opposed to the non-violence passive resistance movement.

There is a school of thought, however fallacious it may be, which still believes that without a show of violence, actual perpetration of violence, no constitutional advance in this country is possible.

(b) There is another school which has gone in for violence and assassination with a very different object. They desire to have
12 Noon. no form of constitutional Government now or hereafter. They are unequivocal followers, of the *Third*

International. They fear that any constitutional advance in this country will put off their goal. Their goal has been made very clear to us not only now but for some years.

(c) There is violence and assassination committed by reckless *impetuous* perhaps honest sometimes but misguided young men who, not belonging to

[Mr. Mahmood Suhrawardy.]

either of the organized groups of violence I have just explained, are tempted to go in for violence and assassination with the hope of becoming patriots and martyrs by an hour or even a minute's work. I understand that the principal object of the Bill before us is to save and protect these impulsive and volatile young men from the fold of the terrorist party who provide them with literature which sends them to the gallows.

Let me candidly tell the House that I do not think any Press Act or a Press Law can prevent terrorism of the first kind I have explained. "It appears too optimistic that any control over the press will check the activity or the growth of that body. The only way to fight that terrorism and its suppression is to depend upon the ordinary penal laws and even more than that upon the sympathy and good will of the people." According to Lord Morley :

"The Indian people are peculiarly responsive to sympathy and personal influence and when the people are drawn to the side of the Government by sympathy the ground will become uncongenial for the growth of anarchism and it will cease to disturb the peace for want of recruits. A Press Law, the severest of its kind, is a weak check to the operations of the anarchist. It will hardly do much to dispel from the minds of educated Indians, that impatience and administrative limitations, that yearning for autonomy which is likely to be mistaken for sedition."

Truer words have not been said than what fell from Lord Morley on the occasion of introducing the Reform Scheme into the House of Lords :

"Supposing you abolish freedom of the Press or suspend it, that will not end the business, you will have to shut up schools and colleges ; for what would be the use of suppressing newspapers, if you do not shut the schools and colleges ? Will that be all ? You will have to stop the printing of unlicensed books. The possession of a copy of Milton or Burke, or Macaulay or Bright's speeches, and all that flashing array of writers and orators who are the glory of our grand, our noble English tongue—the possession of one of these books will, on this peculiar and puerile notion of Government, be like the possession of a bomb, and we shall have to direct the passing of an Explosive Books Act. All this and its various sequels and complements make a policy if you please. But after such a policy had produced a mute, sullen, muzzled, lifeless India, we could hardly call it as we do now, the brightest jewel in the Imperial Crown."

I admit, Sir, certain journals have incited the youth of the country to violence, but it is not for the suppression of them that the Bill has been introduced. They can be and are dealt with under the previous Acts. The only object of this Bill is to prevent the irresponsible Press, the irresponsible newspapers or news agencies which constantly incite to crimes of violence and encourage terrorist outrages by their writings and by their eulogies showered on those guilty of such crimes, from doing so. At the same time it is our duty to examine the question whether this measure will not affect adversely a large number of men who are at present in the journalistic profession. Let me repeat and request the Home Secretary opposite not to let this measure become an instrument of terror to the journalist in India. I believe, Sir, that it has one object and one object alone in view, that is to prevent any journalist from printing matter that may encourage young men to resort to assassination. Now for the second kind of terrorism, it can only be fought by our own countrymen themselves by propaganda.

I am quite prepared to admit that the perpetrators of the violence of the third kind suffer more than those upon whom they want to inflict any injury. It is

easy and cheap to be a patriot if one has a revolver and desires to use it indiscriminately, and if there is any one here or in the country who suggests on the platform and in the Press that the man who uses a revolver is a patriot and a martyr, that man deserves to go to prison ; but, Sir, it is our duty to see that the measure introduced will really effect what Government desire, namely, that these young men should not have provided for them literature which sends them to the gallows.

Lastly, Sir, I offer this criticism in all humility from a sense of duty and not in a spirit of opposition to Government. I realize their difficulties and I have no desire to embarrass them in the least in the presence of a portentous danger. I support the measure. I do not object to the Government assuming larger powers for the maintenance of law and order which is the first and foremost duty of all Governments.

Sir, in the words of a great Indian statesman :

"Anarchism is not discriminating in its choice of victims, and is as much a menace to the peaceful citizen as to the official. Duty and self-interest alike therefore prompt the willing co-operation of the nation with Government in its crusade against this new pestilence."

THE HONOURABLE SARDAR CHARANJIT SINGH (Punjab : Nominated Non-Official) : Sir, I rise to give my wholehearted support to this Bill and the objects underlying it. I have no hesitation in saying that it has not been introduced a day too soon. I agree that it is a very important measure but it is quite wrong to say that it is a repressive measure. Instead of being repressive, it is really to my mind a protective measure. It seeks to protect the youth of the country from being encouraged to commit violence. It also seeks to save the press from being even unintentionally the instrument of such misguided encouragement. We have heard a great deal about the liberty of the press. I admit it is a very noble sentiment and as such I cannot conceive its application to anything that is not good and noble. Now the Bill under consideration does not by any stretch of imagination take away that privilege and that right from the press. Not only that ; this Bill does not prevent any criticism of a Government measure nor does it discourage the advocacy of any practical policy, whether political, social or economic. Surely, Sir, the liberty of the press does not mean licence to indulge in writings of the kind which would excite passions and encourage the inexperienced to commit acts of violence. No one can deny for a moment that writings, like the extracts contained in the printed papers, are of this nature. Pernicious literature is a dangerous evil and is undoubtedly responsible for a good deal of crime, and when you find writings of this nature it is, I submit, moonshine to talk of the freedom of the Press. One Honourable Member said, 'Why not have recourse to the ordinary law ?' That point has been dealt with by my Honourable friend the Home Member in another place. I would only add that prevention is better than cure. A great Persian poet has said :

"Sar i chashma baid giriftan ba meel, cho pur shud, na shaid guzashtan ba peel".

I do not think it is necessary for me to impress on the Honourable Members of this House that the situation is serious. It is evident from the fact that while

*"The flow of a spring in its initial stage can be checked by the insertion of a needle in its outlet, but when once it is in full flow it cannot be crossed even on an elephant."

[Sardar Charanjit Singh.]

the number of crimes was 19 in 1929, it rose to 74 in 1930 and to 118 in 1931 up to the end of August only. Is it not a great menace to the very foundations of peace and security and does it not create a situation for which an emergency legislation is necessary ? To ask to postpone it even for a few months is really pushing things intolerably far.

In conclusion, Sir, I should like to say that while we are about to launch the ship of the new constitution, is it not desirable to have a calm and unruffled sea without a revolver and a bomb, so that we should reach the port of our destination in safety ? I would remind Honourable Members of what another poet has said :

**“ Kishti nishast gānem, ai badi shurta bar khez.*

Ia ki bāz beenēm ān yar āshna ra.”

THE HONOURABLE SARDAR BAHADUR SHIVDEV SINGH UBEROI (Punjab : Sikh) : Sir, I will begin my remarks by quoting three sentences out of the most memorable speech delivered on the 14th of September by His Excellency the Viceroy, a Viceroy whose sagacity, whose statesmanship and wisdom and love for the aspirations of India are unrivalled and unquestioned and who in one of his first speeches said that he would wish to be a constitutional Viceroy and Governor General of India. His Excellency said :

“ It is surely a time when, more than ever before, all races, classes and communities in India should cultivate the spirit of co-operation, of mutual confidence and trust, for is it not true to say that we all have a great common purpose in view, namely, the handing over to Indians the responsibility of the administration of their local affairs, with a view to securing for India an absolutely equal position alongside the other Dominions within the British Empire ? ”

The first question which I venture to put to the Honourable framers of this measure is this, whether such a measure will develop mutual confidence and trust between the governed and the governors, or will it widen the gulf, and is it not the most inopportune time when such a measure, which although it may be considered very necessary to check the growing tendencies of the revolutionaries, ought to have been brought before the country and their representatives, the Central Legislatures, for their assent ? In the second place, His Excellency said :

“ The Federal Structure Committee in London has already resumed its labours accompanied by the good wishes of all in India, and I must emphasise once again the supreme desirability of maintaining peaceful conditions in India during the discussions which are now taking place, and I appeal with all the emphasis at my command to those who have the interests of this great country at heart to preserve an atmosphere of peace and tranquillity.

The second question which I very respectfully put to Honourable Members is whether such a measure, which has met with a storm of opposition from all

*“ We are sailing in a boat,
O ! wind blow favourably.
Perhaps we may be able to see that dear beloved.”

the responsible Indian Press, which has been opposed by almost all the non-official Members in the other Chamber, which it is feared by every well-wisher of India would produce disastrous effects to curb the liberty of the Press in India, will develop peaceful conditions in this country or whether it will serve to disturb the whole country as unfortunately in 1919 the most famous Rowlatt Act had done? The third sentence from the speech of His Excellency was expressed in these words :

"I am confident that I and my Government in the performance of our manifest duty can rely on the support of Honourable Members in taking all necessary and reasonable steps to stamp out these terrorist and revolutionary activities which are destroying the fair name of India in the eyes of the world."

With regard to this, Sir, let me explain at once that every well-wisher of India is at one with the sentiments expressed by His Excellency the Viceroy. We all wish and pray to the Almighty that conditions in India may remain so smooth and peaceful that the representatives of our country who are in England may do their duty in convincing British statesmen and in getting what is most dear and what is most loved by Indians. Every adequate step which the public can take to support the Government in suppressing this unhealthy movement will be quite willingly placed at the disposal of the Government. Myself, Sir, and the community whom I have the honour to represent here in this Honourable House have always been in favour of constitutional means for getting political rights for themselves and for the country. I venture to say that every attempt to suppress such a movement which is unanimously condemned would have our support—not only our sympathy but our active support. But the question, Sir, which has been troubling my mind during the short time which has been at the disposal of Honourable Members of this House is this, whether such a measure would bring the results which it is intended to bring. Of course, the object of bringing forward such a measure is, as I have already said, such with which we are all in sympathy. We are all convinced in our hearts that India cannot progress with the existence of such a revolutionary body in this country which must be suppressed at all costs. We must have constitutional progress and constitutional ways to attain our object. The highest of the leaders of the Congress, the opposition party, if I may say so, to Government, has expressed his view in most clear language. And as far as I know, Sir, all the responsible Indian papers have at all times, when such diabolical acts have been committed, condemned them in most clear language. Everybody who is striving for the political rights of the country has also done so. But it is a question whether the writings in the press have encouraged this movement or whether there are other causes at the root of it. I would respectfully say that those other causes should be also diagnosed. I have no hesitation in admitting, Sir, that the tone of some of the vernacular papers has been most objectionable and obnoxious, and no countryman of mine can be proud of it. But to punish all pressmen for the faults of some would not be just at all. If this Bill is passed into law the fear is that it will hamper the progress of an industry by which many people earn their livelihood these days. My Honourable friend the Home Secretary has said that there is no desire on the part of the Government to suppress this industry or to discourage it. I quite admit it. The Government, the framers of this law, have no such desire, but the question is whether, if this Bill is passed into law, will not incidentally result in curbing the press and bringing

[Sardar Bahadur Shivdev Singh Uberoi.]

it under the thumb of the Government ? It is one thing to pass a legislative measure, it is another thing to act upon that measure. The carrying out of measures does not lie in the hands of the framers of the law ; but lies in the hands of subordinates. For instance, the Criminal Procedure Code provides for the dispersal of an unlawful assembly by force, and it has been said many times on the floor of local Councils as well as of the Central Legislature that only the minimum force had been used to disperse some particular unlawful assembly. I have been unfortunately the witness of some dispersals of such assemblies which were declared unlawful and I can say without fear of contradiction that those who composed those assemblies were taken away in ambulances, some very seriously injured. And apart from the actual unlawful assembly, spectators were also attacked and not only attacked but robbed. Those matters have been brought to the notice of the authorities. This is how some of the Acts are carried out. In regard to this question of responsibility, Sir, while admitting that the tone of some of the papers is objectionable and obnoxious and might incite some raw youths to acts of violence, I do not place the responsibility wholly on those papers. With all respect and with a little frankness I would say that what has struck me is that the responsibility lies more on the shoulders of those who administer law and order in the lower strata of the services. Consider for a moment what led to the most unfortunate murder of a Superintendent of Police in the Punjab. Some raw youths had the seed of revolution in their hearts and that seed was watered by a little incident which took place on the arrival of the members of the Simon Commission at Lahore. Those raw youths were certainly excited and they wanted to take revenge for a few strokes which struck one of the leaders of the Punjab. What I mean to say is this, that though I admit there is no desire on the part of the framers of this law...

THE HONOURABLE THE PRESIDENT : The Honourable Member is repeating himself over and over again, saying that there is no desire on the part of the framers of this legislation to misuse it. He has said that quite six times and I cannot allow him to say it again.

THE HONOURABLE SARDAR BAHADUR SHIVDEV SINGH UBEROI : Very well, Sir, I will not repeat it again. With regard to the merits of this measure, as I have said before, the press is an important industry in this country. It is a sort of home industry in which many people are engaged. If every keeper of a press is called upon to give security of not less than Rs. 500, he will be very hard hit. The whole capital invested in an ordinary press printing in Urdu or Hindi or Gurmukhi would not be more than Rs. 500, and if the keeper is called upon to give a security of Rs. 500 without getting any interest for that security he will not be able to run it and may perhaps prefer not to start the press. And if, for instance, he, with very good intentions, happens to print a paper which in the opinion of the Magistrate or the Local Government, as the case may be, appears to be covered by section 4 of this Bill, his press or his security would be forfeited to Government. With regard to this point, Sir, I wish to point out that without giving a chance to such an offender of explaining the order of forfeiture would be passed. This, in my humble opinion, appears to be against all canons of justice, equity and jurisprudence. The Local Governments act upon the advice of their

subordinate officials and the magistrates have got their own tendencies. If any paper ever writes a criticism on the working of any local magistrate, that paper would be under the disadvantage of being called upon to furnish a security and every little.....

THE HONOURABLE MR. H. W. EMERSON : May I ask under what clause of the Bill the paper would be liable to give security ?

THE HONOURABLE SARDAR BAHADUR SHIVDEV SINGH UBEROI : The paper may be called upon to give security.

THE HONOURABLE MR. H. W. EMERSON : For writing anything against a magistrate ? For making a statement against a magistrate ?

THE HONOURABLE SARDAR BAHADUR SHIVDEV SINGH UBEROI : Not for that, but human nature cannot be forgotten. He would be dealt with and without hearing him the press and the security would be forfeited to Government. Certainly there is a right of appeal to the High Court. But the men who start a press for livelihood would not be able to pay heavy fees to lawyers and bear other expenses connected with an appeal, but they would prefer with discontent to yield to the order of the magistrate. Whilst I am in agreement with honest attempts to suppress this, I must say that if these malcontents in the country are increasing, the hands of the saviour are much stronger than the hands of murder. We have got instances, happy instances, of how our popular Governors were saved in spite of the dastardly attempts. We have another instance when the life of His Excellency the Governor of Bombay was saved. We all do want that these men should be hanged and punished according to law. But the question is whether this measure will bring that result. Does your present penal law not contain necessary provision to deal with such offences ? There is a question which I respectfully ask the framers of this clause. Do not sections 505 and 117 of the Indian Penal Code and some sections of the Criminal Procedure Code arm you with sufficient power to cope with such offences ? If they are sufficient to cope with such offences, then pray do not press this measure which is sure to spread much disaffection in the country at the present time when peace is essential in the country.

THE HONOURABLE MAJOR NAWAB SIR MAHOMED AKBAR KHAN (North-West Frontier Province : Nominated Non-Official) : Sir, it is a matter of common knowledge to all in this Honourable House that crimes of terrorism are on the increase in India for a period of more than two years. From the statement of terrorists crimes supplied by the Government, Honourable Members can see for themselves that the number of these crimes in 1929 was 18 only. In 1930 the number increased to 66, while up to the end of August last it has reached the figure of 118, i.e., more than twice the number in the last year and six times more than in the year preceding the last one. At the same time the number of murders or attempts on the lives of Government officials and others in the year 1930 is reported to be 61, while it has reached the figure of 40 up to the end of the month of August in the current year. Now, Sir, there is some reason which can be assigned for this increase in crimes of a terrorist nature, and to a man of unbiased opinion it is no other than the praise and eulogy of the doers of such crimes which is chiefly responsible for their commitment. It is a matter of extreme regret to see that such heinous crimes involving deaths,

M72CS

[Major Nawab Sir Mahomed Akbar Khan.]

of, or serious injuries to, the persons aimed at are being looked upon as deeds for approval and commendation by irresponsible persons and through them by a portion of the public. Sir, there are always two sides of a thing, deed or action, good as well as bad, and it is the approval or condemnation of an action which is chiefly responsible for bringing out some more adherents to it or none to support it except the first offender. The trend of the Indian Press, as it is running at present, is largely responsible for inciting the youths of the country to such terrorist crimes and thus increasing their number every next day.

From the statement of extracts from newspapers I would like to quote a few instances of the way in which such crimes of terrorism are being looked upon by the Press, with the consequences that it is proving a great source of incitement to the youths and thus encouraging them to take to such deeds without giving a second thought to their way of action.

On page 3, Mr. Nariman, while recalling his interview with Bhagat Singh in Lahore Jail, says :

"Their (Bhagat Singh and his companions) only anxiety was to ascertain whether the youths of the country would carry on the fight for freedom which they have started."

On page 4, Mr. Ganpati Shanker, while seconding a resolution admiring the patriotism of Bhagat Singh and others, remarked :

"Bhagat Singh's only desire was to awaken the youths of the country and inspire them to serve the country."

On page 5, paragraph 2 describes Bhagat Singh and others :

"to believe no longer. In their death lies their victory. Let there be no mistaking it to the Nation Bhagat Singh and colleagues will ever remain the symbols of Martyrdom in the cause of freedom."

On page 6, paragraph 4, Bhagat Singh is described as :

"the symbol of spirit of revolt which has captured the hearts of Young India."

THE HONOURABLE SARDAR BAHADUR SHIVDEV SINGH UBEROI : We have no sympathy with them at all.

THE HONOURABLE MAJOR NAWAB SIR MAHOMED AKBAR KHAN : When one reads a thing, one must read carefully and come to conclusions.

On page 10, paragraph 1 describes Bhagat Singh and others :

"to have gained immortality by embracing death. They never applied to Government for mercy with a view to save their own lives. They were heroes and though they have departed they have undoubtedly left an undying impression on the minds of the people."

Writings of this kind are sure to incite and encourage the young men to take to the deeds committed by Bhagat Singh and his companions. Honestly speaking it is the praise and commendation of their terrorist crimes that have brought about so many murders and attempts at murder after the execution of these three men of the Lahore Conspiracy Case. Had there been no commendation of their actions by means of passing resolutions admiring their spirit of bravery and patriotism and inviting young men to follow in their footsteps to achieve freedom, there would not have been such a long list of horrible crimes which every peace-loving citizen shudders to think of. It is high time therefore to put a stop to the progress of such events and adopt a

measure to check this spirit of praising crimes of terrorism which in case it is allowed to proceed unchecked will one day endanger everybody's life.

So far I am quite in agreement with the adoption of this measure which provides against the publication of matters inciting to or encouraging murder or violence, but in case it provides for any restriction against the legitimate criticism of any official or Local Government, I am sorry I will have to hesitate to lend my support to this Bill. It is the birth-right of every citizen of His Majesty's subjects to expose the abuses and unnecessary favouritism of an official or Local Government at the sacrifice of others. The exposition of such abuses and irregularities should not be considered as matters of incitement and should not therefore be dealt with under the provisions of this Bill. There is a Persian couplet by Shaikh Saadi which means that if the King accedes to the taking of an egg unconstitutionally, his adherents are sure to put more than a hundred thousand fowls on an iron bar to be roasted. There should be a clear distinction between the incitement and legitimate criticism and exposition of abuses by way of illegitimate favouritism of an official or Local Government. If the Bill is intended to check the publication of inciting matters to terrorism, it has my hearty support, but if it is for stifling the legitimate criticism of an official or Local Government, or rightful aspiration of every subject of His Majesty, I for one will decline to have anything to do with such a measure. Liberty is the birth-right of every citizen of His Majesty's subjects and so long as the present Bill does not interfere with a paper or an individual's right to ventilate one's grievances or expose the abuses of any administration it will be heartily welcomed by every peace-loving citizen. The ordinary law of the country provides that if a person or a paper is falsely criticising an official or any Local Government, he can be run in for defamation in the regular Court. Consequently, in case the present law is not going to interfere with the legitimate rights of the citizens of His Majesty, but its application is only restricted to the terrorists and their colleagues who are inciting the people to commit crimes of terrorism, I have no hesitation to support it whole-heartedly.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab: Non-Muhammadan): Sir, I rise to support the motion of the Honourable the Home Secretary. The Indian religions, traditions and culture prevent us from doing acts of violence or murder. This House ought to co-operate with the Government and help them in piloting this Bill through this House in order to get rid of anarchy, terrorism and violence in a reasonable and appropriate manner, without interfering with the honest criticism and independence of the press. The fundamental principles underlying the liberty of the press must be safeguarded. It is a great pity, Sir, that a revolutionary party is undoubtedly in existence in India and its activities are on the increase despite its denunciation by Mahatma Gandhi and all other political bodies. The dastardly and diabolical murder of public servants and the attempts on the lives of the two provincial Governors is a patent fact and the country has condemned these heinous crimes with a strong voice. The object in view in this Bill cannot be achieved only by control of the press. Now, Sir, what we find is that fiery leaflets and the speeches on the platform and in the processions are becoming a source of incitement to violence to a very great extent. From the platform inflammatory speeches and appeals in the name of religion are

[Rai Bahadur Lala Ram Saran Das.]

made which make many people lose their balance of mind and do acts of violence and crime. For an example, Sir, I will say that in the Punjab processions are seen going round the bazaars and streets, crying seditious and fiery slogans and inciting people to violence. One of the common slogans to be heard in the Punjab bazaars, for instance, is "*Nahin rakhne aisi zalim sarkar; nahin rakhne*" (meaning, we will not have such a tyrant Government). Such slogans and their repetition from day to day do very much more harm than the press can ever attempt to do. Now, Sir, we find that fiery processions and inflammatory speeches on the platform are on the increase in the Punjab and perhaps in other provinces against His Highness the Maharaja Bahadur of Kashmir. The people are crying slogans "Down with the Dogra Raj. Destroy the Dogra Dynasty and the Maharaja", and so on.

THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM : Can we discuss conditions in the Native States here ?

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : I am simply citing examples, that from the processions and from these fiery speeches and slogans which are repeated in the bazaars and on the platforms much more harm is being done. My Honourable friend wanted to interrupt me, but I am not going out of my province here in saying that the existence of this fiery propaganda in the streets and bazaars in the Punjab has resulted in violence and terrorism and in a sort of rebellion in Kashmir. I wish, Sir, that the Government had taken measures under the powers which they have in their possession. The Princes Protection Act, as far as I am aware, Sir, was not brought into force and thus a sort of encouragement was given to such vile propaganda which had its echo in Kashmir.

THE HONOURABLE MAJOR NAWAB SIR MAHOMED AKBAR KHAN : We are not discussing anything about the Ruling Chiefs. This does not concern the Ruling Chiefs, my dear friend.

THE HONOURABLE THE PRESIDENT : Order, order.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : I am not talking of Ruling Chiefs, I may tell my dear Nawab Sahib. Sir, I am simply citing illustrations which prove that the processions and the platforms are doing a great deal more harm than the press in inciting to violence and crime. It is, Sir, our sacred duty, therefore, to remove what His Excellency Lord Irwin rightly described as a malignant cancer in the life of India.

Sir, I wish that due safeguards should be kept and orders issued to the Executive to apply the provisions of this Bill only when they really apprehend a breach of the peace from propaganda of violence or crime. With these words, Sir, I support the motion.

THE HONOURABLE MR. P. H. BROWNE (Bengal Chamber of Commerce) : Mr. President, I think it must be very gratifying to the Home Department and to the Government of India to hear the general support which we have listened to from a number of non-official Members to this Bill. I think that even the Honourable Member who has put forward numberless amendments must feel that there is a strong feeling that the Bill as it has emerged from the Select Committee of the other House is well drafted and that

no corrections that he can put into it will make it more acceptable to this House. We have heard a number of unofficial Members from the Punjab and other places expressing their approval. I wish to say a few words from the point of view of Bengal.

On the 27th July Mr. Garlick was foully murdered by a lad in his court in Alipore. On the 21st August Mr. Cassells escaped death at the hands of another lad by an act of God. It was pure chance that Mr. Cassells was wounded and not foully murdered at Tangail. On the 30th August a Mussalman Inspector of Police was foully murdered by another lad on a football ground in Chittagong. There have been numberless other dacoities all over Bengal, and in the cases in which the miscreants have been traced, they have practically all been lads. It is obviously important for us all and for Government to find out what is leading these lads towards this disastrous campaign. I do not think any sane man or woman can say, after reading the specimens of extracts of newspapers, etc., which have been furnished to various Members of this House, that the Press as allowed to work in this country to-day is not responsible for a considerable amount of this child digression, and I congratulate the Government on deciding that it was absolutely necessary to take steps to obtain further control of the Press. I am assured that the Bill as drafted, or rather as passed by the Select Committee, will enable Local Governments to take definite steps to stop such eulogy of murder and violence as we read in these press extracts and to reduce the inflammatory type of publication which is being issued in all directions. I strongly support this Bill as now before the House. I also bring this point with all seriousness before the Government. It is essential that the body politic should be protected and it is, I consider, necessary to dig further down to ascertain where these lads are being led astray and to consider seriously what better control can be taken of the position. A number of these lads are or should be under the control of their parents. But a point which calls for immediate investigation is, what are the fathers doing in order to bring their sons up as decent and respectable members of the community instead of allowing them to run wild as they do at present. In commending this Bill I would also ask Government to consider very seriously whether in the districts, particularly in the districts from which a number of these lads come, it would not be possible to summon a meeting of the parents and go into the question with them as to whether better control cannot be exercised with regard to the boys and to further consider whether a deposit on the lines of the Press Bill could not be taken from the parents to ensure good behaviour of these lads in the future. As I say, the body politic must be protected and I feel that it is up to the Government to devise further means for protecting it. I strongly support this Bill.

THE HONOURABLE SARDAR SHRI JAGANNATH MAHARAJ PANDIT (Bombay: Non-Muhammadan): Sir, I rise to support the Bill moved by the Honourable the Home Secretary. In endorsing my humble opinion on the Bill, I think, Sir, that the Bill as passed by the Legislative Assembly, in its present form, is quite good and needs no further amendment as it has practically been through all sorts of stages by the moving of amendments and the making of lengthy speeches in the other House.

[Sardar Shri Jagannath Maharaj Pandit.]

The unhappy incident which happened recently in Poona in the Ferguson College is known to all. The unfortunate attempt to shoot His Excellency the Governor of Bombay is quite sufficient to prove the necessity for introducing a measure of this sort. I hope my Honourable friend Mr. Imam will not go through all the amendments which are down in his name. With these words, Sir, I fully support the Bill.

THE HONOURABLE MR. H. W. EMERSON : Sir, I would like to express the great appreciation of Government for the almost unanimous support of the Bill that has been voiced by Honourable Members. I should have liked to have said unanimous, but I am left in some doubt as to whether the Honourable Member from Sialkot desires to support the Bill or not.

THE HONOURABLE SARDAR BAHADUR SHIVDEV SINGH UBEROI : I will not oppose its passage but I had to express my feelings, which I have done.

THE HONOURABLE MR. H. W. EMERSON : I might then say unanimous support. I do not think it is necessary for me to deal at any length with the points raised by various Honourable Members, but there are just one or two matters to which I should like to refer. The first of these is the question as to why the ordinary law cannot be effectively applied against the evil which this Bill is designed to prevent. I would first stress the point that this measure is not punitive so much as preventive. The Honourable Mr. Brown has drawn attention to the great desirability of checking the growth of this movement among the young, and surely a Bill which prevents writings of the kind which are illustrated in the collection of extracts from newspapers is a measure which is designed to stop at least one of the influences which at present are leading the youth of the country astray. There is no other provision in the ordinary law which can effect this purpose, and surely it is better that there should be a preventing measure of this kind than that the ordinary law should be brought into operation to punish youths after they have committed monstrous offences. Again, in so far as this measure is intended to be used against publishers and printers who abuse the liberty of the press, it will prove a more effective measure than the operation of the ordinary law. The Honourable Member from Sialkot quoted several sections of the ordinary law, but it has to be remembered that if the law is to be effective against writings of the kind now in question it must be capable of application against the persons who are responsible for those writings and not against mere dummies whom they place nominally in a position of trust but who are merely hirelings. That practice is of course extremely common, and it is a matter of the utmost difficulty to suppress a newspaper guilty of a continuous seditious writings by a serious prosecution. I think the Honourable Member from Sialkot will remember that that experiment has been tried in the case of several newspapers in the Punjab and without success. In a quite recent case, for instance—again from the Punjab—a so-called Editor who was accused under section 124-A made the following statement in court :

“ I joined the newspaper on the 19th March, 1931, on a salary of Rs. 30. While I am sent to jail the allowance for actual expenses is raised from Rs. 30 to Rs. 50. In return I filed the declaration in my own name as printer and publisher of the newspaper. I for myself am unable to write decent editorial comments and the actual work of Editor was carried on by the Assistant Editor, the Sub-Editor and the Reporters.”

Well, there is of course nothing new in that statement. It is a practice carried on in all parts of India and it explains why the ordinary law is quite ineffective against writings of the kind we have now under consideration.

THE HONOURABLE SARDAR BAHADUR SHIVDEV SINGH UBEROI : You should then revise the whole Indian Penal Code because these crimes you say are taking place all over the country.

THE HONOURABLE MR. H. W. EMERSON : The Honourable Member's co-operation extends to every possible measure except the one he is now asked to support. Then there was a second point raised, namely, that the powers to be given by this Bill are likely to be abused because they rest in the hands of subordinate authorities. Now when the Honourable Member made that criticism I really think he cannot have read the Bill, because the only two authorities that are given powers under this Bill with regard to newspapers and presses are, firstly, the District Magistrate—and his powers are strictly limited—and secondly, the Local Government ; and no order forfeiting security or forfeiting anything else can be passed by an authority lower than the Local Government. I do not think therefore that there is any danger of abuse of this measure by subordinate authorities.

The last point on which I should like to say just a few words is the apprehension that has been expressed that this Bill may destroy an honourable profession, that it is aimed against journalists as a whole and it will be a matter of the greatest difficulty in future for any honest journalist to make a living. There is nothing in the Bill that gives the slightest support to that view. No journalist engaged on any existing newspaper can be caused the slightest inconvenience unless he writes stuff that incites to murder or violence, and if he does write stuff of that sort then I do not think this House will want to extend to him the slightest sympathy. For the many journalists in this country who desire to carry on their profession according to reasonable principles of journalism there is not the slightest danger from this Bill. In fact, Government look to this Bill to assist them in creating a sound and healthy public opinion, and in their opinion this is one of the main advantages which they hope to derive from this measure.

THE HONOURABLE THE PRESIDENT : The question is :

“That the Bill to provide against the publication of matter inciting to or encouraging murder or violence, as passed by the Legislative Assembly, be taken into consideration.”

The motion was adopted.

The Council adjourned for Lunch till Half Past Two of the Clock.

The Council reassembled after Lunch at Half Past Two of the Clock, the Honourable the President in the Chair.

THE HONOURABLE THE PRESIDENT : The question is :

“That clause 2 do stand part of the Bill.”

The motion was adopted.

Clause 2 was added to the Bill.

THE HONOURABLE THE PRESIDENT : Clause 3. The first amendment standing in the Honourable Member's name is not in order. The motion now before the House is that clause 3 do stand part of the Bill. An amendment to a motion cannot be in the form of a direct negative and therefore an amendment that clause 3 do not stand part of the Bill is not in order. The Honourable Member may move amendment No. 11. It is open to him of course to speak against clause 3 as a whole and also to vote against it but it is not open to him to move an amendment that it be omitted.

***THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM :**
I wish to move amendment No. 13, Sir :

“That in sub-clause (1) of clause 3 for the words ‘one thousand’ the words ‘five hundred’ be substituted.”

I have not got anything to urge in favour of this amendment of mine. It has been urged many times in the Assembly and outside. The only point about this is that if a press is newly started it should not be penalised by being asked to deposit a thousand rupees, although it is only for three months.

THE HONOURABLE MR. H. W. EMERSON : Sir, speaking this morning I drew attention to the class of newspapers whose deliberate policy it is to spread inflammatory writings ; I said that they would continue their mischief so long as the law allowed them to do so and that they would adopt every device to escape its consequences. Now, if it were merely a question of dealing with new presses Government might be inclined to consider favourably the reduction of the security but what is certain to happen is this. An existing press will be called upon to deposit security because it has printed certain writings which come within the mischief of clause 4. Instead of depositing security, the press will close down and within a week or so that press will be removed a few hundred yards away to another street where it will again continue to print objectionable matter. In this respect the House should remember that many of the presses to be dealt with under this Bill are quite small presses that can be removed quietly at night in a bullock cart. Thus a number of presses that will come under the provisions of clause 3 will not be new presses at all, but presses which are deliberately attempting to evade the law. I think the House will agree that for a press of that sort a security of one thousand rupees is not excessive. Mainly on this ground I oppose the amendment.

THE HONOURABLE THE PRESIDENT : The question is :

“That in sub-clause (1) of clause 3 for the words ‘one thousand’ the words ‘five hundred’ be substituted.”

The motion was negatived.

THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM :
I want a division, Sir.

THE HONOURABLE THE PRESIDENT : The Honourable Member did not even challenge the decision on voices. He did not even vote for his own amendment.

THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM : I did, Sir.

THE HONOURABLE THE PRESIDENT : I am afraid the Honourable Member is too late ; I have already declared the decision against him. The Honourable Member can perhaps claim a division on a similar amendment on the same clause. Number 14.

*THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM : I would like to move amendment No. 15, Sir :

"That in the proviso to sub-clause (1) of clause 3 for the words 'three thousand' the words 'one thousand' be substituted."

This covers the point mentioned by the Honourable Mr. Emerson. The proviso runs :

"Provided that if a deposit has been required under sub-section (3) from any previous keeper of the printing-press, the security which may be required under this sub-section may amount to three thousand rupees."

Mr. Emerson pointed out just now, when I moved my amendment No. 13, that that covered the case of those who rather than deposit security wanted to open another press. Here the thing is provided for again, that those who have got a press and have deposited security, and again security is demanded, then the amount will be increased to three thousand rupees. I suggest, Sir, that the amount that may be demanded from them should be one thousand rupees.

THE HONOURABLE MR. H. W. EMERSON : Sir, I oppose this amendment on much the same ground as the last one moved by the Honourable Member. It covers a slightly different case. Under sub-clause (3) of clause 3 an existing press which prints offending matter may be required to give security amounting to three thousand rupees. The keeper of the press may refuse to give security, may cancel his declaration under the Press and Registration of Books Act and a few days later a different person may make a new declaration under that Act. Now, surely it is reasonable that when the first keeper of the press may be required to deposit three thousand rupees, a person who takes his place merely for the purpose of evading the provisions of the Act should not be asked to deposit less. On that ground, Sir, I oppose the amendment.

THE HONOURABLE THE PRESIDENT : The question is :

"That in the proviso to sub-clause (1) of clause 3 for the words 'three thousand' the words 'one thousand' be substituted."

(After the division bell was rung, the Honourable the President asked first those Members who were in favour of the amendment to stand in their places and then those Members who were against the amendment. Only the Honourable Mr. Syed Hussain Imam stood up for the amendment and the rest of the House were against it.)

THE HONOURABLE THE PRESIDENT : The Ayes are 1 and the Noes 19. Therefore the Noes have it.

The amendment was negatived.

*Speech not corrected by the Honourable Member.

THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM : Sir, in view of the opinion just expressed by the House, I wish to withdraw all my amendments.

Clause 3 was added to the Bill.

THE HONOURABLE THE PRESIDENT : Clause 4. Does the Honourable Rai Bahadur Lala Ram Saran Das wish to move his amendment ?

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Yes, Sir. I want to move the amendment No. 32 standing in my name.

THE HONOURABLE THE PRESIDENT : No. 32 is an amendment to clause 3. The House has already adopted clause 3 and the Honourable Member missed his chance to move that amendment. The clause now before the House is 4 to which the Honourable Member has an amendment, No. 43. Will he move that ?

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : No, Sir.

THE HONOURABLE THE PRESIDENT : The question is :

“ That clause 4 do stand part of the Bill.”

The motion was adopted.

Clause 4 was added to the Bill.

Clauses 5 to 24 were added to the Bill.

THE HONOURABLE THE PRESIDENT : Clause 25.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Sir, I rise to move amendment No. 105 which stands in my name and which runs as follows :

“ In sub-clause (4) of clause 25 for the words ‘ the order shall stand ’ the words ‘ the opinion of the Chief or seniormost Judge shall prevail ’ be substituted.”

I think, Sir, that my amendment is a very modest and equitable one. When a reference is made to the High Court, in case of a difference of opinion among the Judges forming the Bench the opinion of the seniormost Judge of the High Court ought to prevail. With these remarks, I commend my amendment to the acceptance of the House.

THE HONOURABLE MR. H. W. EMERSON : Sir, the amendment moved by the Honourable Member is not in itself, I think, unreasonable, but actually the circumstances in which it will be of any real practical interest are not likely to arise. The Bill provides that an application to the High Court should be heard by a Bench of three Judges. When there is a difference of opinion, the opinion of the majority shall prevail. It is only in the case where there is no such majority that the present Bill provides that the order against which application is being made shall stand. Now, in order to get equality of opinion, it has to be assumed that one of the three Judges declines to express any view at all. I think that would be a very exceptional circumstance. Moreover, on principle there is, I think, nothing unreasonable in laying down the law that when such circumstances do arise and opinion is equal, the existing order shall stand. It is a principle that is observed in many matters of

procedure and it is not on the face of it an unreasonable principle to adopt in the present instance.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Will you kindly give an example where such a procedure has been adopted before in the ordinary course of business?

THE HONOURABLE MR. H. W. EMERSON: The ordinary procedure in the Legislature, for instance, when there is an equality of votes, is that the President votes in favour of the *status quo*.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: I am talking of law courts.

THE HONOURABLE MR. H. W. EMERSON: I am afraid I cannot quote you at the moment a precedent from law, but on the grounds I have given I oppose the amendment.

THE HONOURABLE MR. M. D. DEVADOSS (Nominated Indian Christian): May I say, Sir, that it is in accordance with the provisions of the Civil Procedure Code. When two Judges do not agree as to the course to be adopted the lower court's decision is always upheld. It is only when a majority of the Judges agree that the lower court's order is set aside. Of course if there is a single Judge, he can maintain or upset the lower court's order.

THE HONOURABLE THE PRESIDENT: The original question was:

"That clause 25 do stand part of the Bill."

Since which an amendment has been moved:

"That in sub-clause (4) of clause 25 for the words 'the order shall stand' the words 'the opinion of the Chief or seniormost Judge shall prevail' be substituted."

The question is that that amendment be made.

The motion was negatived.

Clause 25 was added to the Bill.

Clauses 26, 27, 28, 29, 30, 31 and 32 were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. H. W. EMERSON: Sir, I beg to move that the Bill, as passed by the Legislative Assembly, be passed.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD (United Provinces Northern: Non-Muhammadan): Sir, this Bill has been opposed by a considerable section of the Indian Press as well as by many public organisations in the country. There is a belief that it constitutes a menace to the legitimate freedom of the press, which is an exponent of public opinion and whose existence is essential for the spread of modern civilization and culture. Then, it is a pity that it was discussed in the lower House last week at the far end of the Session when the non-official attendance was very thin, with the result that amendment after amendment moved by the opposition to liberalise its provisions was defeated. It is further regrettable that in this House the Honourable Mr. Hussain Imam did not choose to move some of the amendments that he had tabled, which sought to improve the measure and that

[Rai Bahadur Lala Jagdish Prasad.]

an amendment of my Honourable friend Rai Bahadur Lala Ram Saran Das has been thrown out. Although the Select Committee of the Legislative Assembly materially recast the original Bill and modified its stringent provisions a good deal, and the Bill was re-introduced by the Government in the same form and also passed by the Legislative Assembly with very few changes in the form in which it had emerged from the Select Committee, and it is now going to be passed by this Honourable House also without any change, I would have liked some of its rigours further softened before it became law. For example, I would that the keeper of a new press should have been deemed innocent and there should have been no demand for security from him provided in the Bill; secondly, in view of the fact that the offending presses are sometimes small and inconsequential as regards their value, the maximum sum of Rs. 10,000 fixed in clause 5 for deposit of further security should have been lower, being excessive; then, under the Bill there should have been no indirect curtailment of the powers of the High Courts vested in them under the Letters Patent to exercise revisionary jurisdiction of their own accord; and that in the case of forfeiture of presses all *bona fide* encumbrances should have been safeguarded. But, Sir, the Bill is going to become law without these improvements. And all this does not, in my humble opinion, augur well for this measure.

But the fact nevertheless remains that although the press as a whole has always displayed wisdom and sobriety on the right side, yet a small section of the press does unhappily at times indulge in incitement to or encouragement of terrorist crimes, and such activities are admittedly very injurious to the public interest and must be condemned. It is these activities of certain sections of the press that this Bill is intended to curb, and the sober section of the press, which in my opinion is a large section, need I think have no fear from the provisions of this Bill. Sir, the Bill as originally introduced by Government was no doubt totally unacceptable to Indian public opinion, but it emerged from the Select Committee of the Legislative Assembly and was passed by the Assembly in a much improved form. Its Preamble has been considerably narrowed down so as to restrict its scope and define its object more definitely; the demand of security from a new press has not been kept compulsory as was the case in the original Bill, but discretionary power in this respect has now been vested in the Magistrate, and the amount of security has also in some cases been reduced; it has further been provided that if after the deposit of security no order is made by a Local Government under section 8 for three months, the security will on application by the publisher of a newspaper be refunded; and lastly, the life of the measure has been shortened from three to two years.

Now the question is whether the Bill as it stands is worth having with the improvements that have been effected in it by the Legislative Assembly, or whether it should be rejected by this House in view of the general wish, which of course I share, that some of its defects should have been further removed before it became law. Sir, weighing the *pros* and *cons* of the measure carefully, I am inclined to think that it would be more in the public interest to let the Bill pass into law even in its present form, rather than that we should in the present circumstances go without such a measure altogether. For I recognize that incalculable harm is done to the country by the cult of the revolver and

the bomb and some of our immature youths at a most emotional and impressionable period of their lives are sometimes misguided into these condemnable activities by the irresponsible writings of certain sections of the press. Moreover, Sir, the Bill, as the Government have made clear, is an emergency legislation. In view, therefore, of the fact that the Bill before us stands to-day in a much

3 P.M. more modified form than it had been originally introduced in the Lower House by the Government, as a result of the labours of the Select Committee of the Legislative Assembly ; that it is intended to exercise a check only on the dangerous section of the press ; that it is an emergency measure ; and that its life is after all limited only to two years, I am inclined to lend my support to the passage of the Bill.

But, Sir, before I resume my seat, I think it my duty to make an appeal to the Government at this stage, although the Honourable the Home Secretary has given some assurance in this behalf. As I stated earlier in my speech, there is a widespread fear that while the ostensible and professed object of this measure is to fight the cult of violence, its real object is to place the press at the mercy of the executive and to re-impose the fetters of the obnoxious Press Act which was repealed a few years ago. This suspicion has arisen out of the unfortunate past experience of keepers of presses in respect of the use to which such arbitrary pieces of legislation are put, which experience is not at all reassuring. There is a danger that the measure is liable to be abused at the hands of the executive. And if this fear is confirmed in actual practice, then, I am afraid, the law would act as a fresh irritant and would add to the existing volume of discontent. My appeal to the Government, therefore, is that in the public interest they should see to it that the new law is very carefully administered and not in any way abused by those with whom it will rest actually to administer it. And if the Government take this appeal of mine to heart and ensure against possible abuses of the legislation, then a good deal of the opposition against the measure is sure to be disarmed and there will be no cause for future discontent and distrust. Sir, I support the motion before the House.

THE HONOURABLE THE PRESIDENT : The question is :

“ That the Bill to provide against the publication of matter inciting to or encouraging murder or violence, as passed by the Legislative Assembly, be passed.”

The motion was adopted.

THE HONOURABLE THE PRESIDENT : The Council will now adjourn. I am not in a position to announce any particular date on which the next meeting of the Council will take place. Honourable Members will get notice in due course ; but the next meeting will be in Delhi and I think it will probably be about the 20th of November.

The Council then adjourned.

COUNCIL OF STATE:

Monday, 23rd November, 1931.

The Council met in the Council Chamber of the Council House in New Delhi at Eleven of the Clock, the Honourable the President in the Chair.

MEMBERS SWORN :

The Honourable Sir Brojendra Mitter, Kt. (Law Member) ;

The Honourable Khan Bahadur Mian Sir Fazl-i-Husain, K.C.I.E., Kt. (Education, Health and Lands Member) ;

The Honourable Shaikh Mushir Hosain Kidwai (United Provinces East ; Muhammadan) ;

The Honourable Mr. Y. Ranganayakalu Naidu (Madras : Non-Muhammadan) ;

The Honourable Sir Arthur Cecil McWatters, Kt., K.C.I.E. (Finance Secretary) ;

The Honourable Mr. John Armstrong Shillidy (Industries and Labour Secretary) ;

The Honourable Nawab Malik Mohammad Hayat Khan Noon, C.S.I. (Punjab : Nominated Non-Official) ;

The Honourable Mr. Alan Hubert Lloyd, C.I.E. (Government of India : Nominated Official).

QUESTIONS AND ANSWERS.

ADDITIONAL INCOME DERIVED FROM THE INCREASED POSTAL RATES.

142. THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD : Will Government be pleased to lay on the table a statement showing the additional income year by year derived from the increased postal rates since the rates were last revised as compared with the average annual income derived in the past from the old rates ?

THE HONOURABLE MR. J. A. SHILLIDY : It is not possible to furnish the required information as no account can be kept of the revenue derived from unregistered articles. A statement is, however, laid on the table showing the average yearly value of stamps and postal stationery sold before 1922-23, when the letter postage rate and the price of postcards were last raised, and the value realized each year from 1922-23 up to 1930-31. It is to be noted that the amounts shown in the statement include the value of the stamps used on telegrams and those used for revenue purposes.

Statement showing the revenue derived from the sale of postage stamps, postcards, etc., since the year 1922-23 when the postal rates were last revised, as compared with the average yearly revenue derived from the same source based on the figures for three years previous to 1922-23.

(Figures are in lakhs of rupees.)

	Average based on figures for 3 years 1918-20, 1920-21 and 1921-22.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	Remarks.
Revenue derived from sale of postage stamps, postcards, etc.	7.40	7.78	7.86	8.00	8.22	8.35	8.62	8.69	8.94	8.57	

AMOUNT OF CHARGES DEBITED TO INDIA IN CONNECTION WITH THE TRAINING OF BRITISH OFFICERS AND SOLDIERS OF THE INDIAN ARMY IN ENGLAND.

143. THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD:
(a) What is the annual amount of charges debited to India in connection with the training of British officers and soldiers of the Indian Army in England?

(b) Is it a fact that the Incheape Committee recommended in this connection that a fresh regular settlement should be expedited, and expressed the opinion that the most equitable arrangement would be to allocate the cost to the War Office of training recruits between the India Office and the War Office *pro rata* to the normal colour service in each country subject to a due allowance for the potential value to the British Government of returned men available for the reserve.

(c) Is it the intention of the Government of India to arrange to give effect to this recommendation of the Incheape Committee, and if so, when?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: (a) The following amounts were paid to His Majesty's Government on account of capitation charges :—

	£
1928-29	1,503,000
1929-30	1,506,000
1930-31	1,510,000

(b) Yes.

(c) The position was fully explained by the Honourable the Finance Member in his speech in the Legislative Assembly on the 10th March, 1931, reported at pages 1834 and 1835 of the proceedings of the Legislative Assembly for that day.

DIVISIONAL SUPERINTENDENTS ON EACH OF THE STATE RAILWAYS.

144. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS:
Will Government kindly state the number of Divisional Superintendents (a) Europeans, (b) Anglo-Indians, (c) Indians in charge of administrative divisions on each of the State-managed Railways?

THE HONOURABLE MR. J. C. B. DRAKE: Six Europeans and one Indian on the North Western Railway, six Europeans on the East Indian Railway and six Europeans on the Great Indian Peninsula Railway.

APPOINTMENT OF INDIANS AS DIVISIONAL SUPERINTENDENTS ON THE EAST INDIAN AND GREAT INDIAN PENINSULA RAILWAYS.

145. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Is it a fact that on the East Indian Railway and on the Great Indian Peninsula Railway there is not a single Indian holding the appointment of a Divisional Superintendent? If so, does Government in the current or the coming year intend to put at least two divisions on each of these State-managed Railways in charge of Indian officers?

THE HONOURABLE MR. J. C. B. DRAKE : No Indian happens to be holding an appointment as Divisional Superintendent on either of these Railways at present. Such appointments are filled by strict selection, and without regard to race or community, and there is no intention of altering the procedure.

PORTERS AT RAILWAY STATIONS.

146. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Will Government kindly state whether the Railway Advisory Committees have within their purview matters affecting the station luggage porters and whether these Committees can advise on the composition of the porter staff in the interests of the travelling public?

THE HONOURABLE MR. J. C. B. DRAKE : Local Railway Advisory Committees may discuss matters, other than those of personnel, discipline and appointments, relating to luggage porters at stations.

ADJUSTMENT OF ACCOUNTS RELATING TO THE GREAT WAR WITH THE WAR OFFICE.

147. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Will Government kindly state whether its accounts with the War Office of the Great War period have yet been adjusted or not? If adjusted, with what result?

THE HONOURABLE SIR ARTHUR McWATTERS : It is presumed that the Honourable Member's question relates to whether there are any outstanding claims by India against the British Government and *vice versa*. As to this there are certain outstanding claims and counter-claims. They have been the subject of prolonged discussion and I hope that Government may soon be able to announce a final settlement of all war claims.

SAVINGS BY THE ARMY DEPARTMENT IN EXPENDITURE ON RATIONS, CLOTHING AND STORES.

148. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Will Government kindly state what savings the Army Department anticipates in the current year as compared to last year in expenditure on rations, clothing and stores owing to the abnormal fall in prices?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : Between Rs. 25 and 30 lakhs more than last year.

RAILWAY RATES ADVISORY COMMITTEE.

149. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Will Government kindly state its decisions as regards the retention or otherwise of the Railway Rates Advisory Committee?

THE HONOURABLE MR. J. C. B. DRAKE: The question of the retention of the Railway Rates Advisory Committee, as at present constituted, is under consideration. Meanwhile, the Railway Board have accepted the recommendation of the Railway Retrenchment Sub-Committee that the cost of the Railway Rates Advisory Committee should not exceed Rs. 50,000 per annum.

THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK: Will Government inform the House if a small permanent Secretariat staff attached to the Railway Board will be kept out of the present staff so that the work of the *ad hoc* committee may be facilitated by the experience of the staff?

THE HONOURABLE MR. J. C. B. DRAKE: I am afraid I must ask for notice of the Honourable Member's question.

MESSAGES FROM HIS EXCELLENCY THE GOVERNOR GENERAL.

INDIAN FINANCE (SUPPLEMENTARY AND EXTENDING) BILL.

THE HONOURABLE THE PRESIDENT: I have a Message for the Council from His Excellency the Governor General. The Message runs:

"Whereas the Legislative Assembly has failed to pass in the form recommended by me the Bill to supplement the Indian Finance Act, 1931, and to extend the operation of its temporary provisions, a copy of which Bill in the form recommended by me is hereto annexed;

Now, therefore, I, Freeman, Earl of Willingdon, in exercise of the power conferred by sub-section (1) of section 67B of the Government of India Act, do hereby certify that the passage of the said Bill is essential for the interests of British India.

WILLINGDON,
Viceroy and Governor General."

There is a further Message to the Council from His Excellency which runs as follows:

"In pursuance of the provisions of sub-section (1) of section 67B of the Government of India Act, I, Freeman, Earl of Willingdon, do recommend to the Council of State that it do pass the Bill to supplement the Indian Finance Act, 1931, and to extend the operation of its temporary provisions, in the form hereto annexed.

WILLINGDON,
Viceroy and Governor General."

(The Messages were received by the Members of the Council standing.)

INDIAN FINANCE (SUPPLEMENTARY AND EXTENDING) BILL
LAID ON THE TABLE.

SECRETARY OF THE COUNCIL: Sir, in pursuance of the provisions of section 67B of the Government of India Act, I lay on the table a copy of the Bill to supplement the Indian Finance Act, 1931, and to extend the operation

of its temporary provisions, which the Legislative Assembly has failed to pass in the form recommended by the Governor General, and which has been certified, under the provisions of the same section, by the Governor General as essential for the interests of British India.

GOVERNOR GENERAL'S ASSENT TO BILLS.

SECRETARY OF THE COUNCIL : Sir, information has been received that His Excellency the Governor General has been pleased to grant his assent to the following Bills which were passed by the two Chambers of the Indian Legislature during the Simla Session, 1931, namely :

The Provisional Collection of Taxes Act, 1931.

The Indian Succession (Amendment) Act, 1931.

The Aligarh Muslim University (Amendment) Act, 1931.

The Land Customs (Amendment) Act, 1931.

The Sheriff of Calcutta (Powers of Custody) Act, 1931.

The Indian Mines (Amendment) Act, 1931.

The Heavy Chemical Industry (Protection) Act, 1931.

The Indian Press (Emergency Powers) Act, 1931.

INDIAN FINANCE (SUPPLEMENTARY AND EXTENDING) BILL.

THE HONOURABLE SIR ARTHUR McWATTERS (Finance Secretary) : Sir, I shall be giving notice this morning of my intention to move that the Bill which has been laid on the table in this House be taken into consideration. I wish to ask your direction as to when this motion will be taken up. I am entirely in your hands and the hands of the House in this matter and I am prepared to proceed with my motion at any time. I would only mention that it is important that the Bill should be passed at the latest by Friday evening.

THE HONOURABLE THE PRESIDENT : As the House knows, the ordinary period for which a Bill should lie on the table is three days. I think it would clearly be unsuitable that the House should proceed with the Bill to-morrow. As Honourable Members are aware, there are reasons why this House should not sit on Wednesday. There is therefore no option but to take the Bill on Thursday, and I direct that there shall be a meeting on that day at which the Honourable Sir Arthur McWatters' motion will be put on the list of business. With reference to the Honourable Member's concluding remarks I may point out to the House that as it is necessary that the Bill should be passed on Friday, the House will have to sit on that day till it is passed.

The Council will now adjourn till Thursday, the 26th of November, at 11 o'clock in the morning.

The Council then adjourned till Eleven of the Clock on Thursday, the 26th November, 1931.

COUNCIL OF STATE.

Thursday, 26th November, 1931.

The Council met in the Council Chamber in the Council House at Eleven of the Clock, the Honourable the President in the Chair.

QUESTION AND ANSWER.

EXEMPTION FROM INCREASED INCOME-TAX OF ALL GOVERNMENT SERVANTS
WHOSE PAY IS SUBJECT TO THE CUT OF 10 PER CENT.

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMY CHETTI:

(i) Does the cut in pay of 10 per cent. include income-tax?

(ii) Is it not a fact that the increased rate of income-tax applied to all officers from 1st April, 1931.

THE HONOURABLE SIR ARTHUR McWATTERS: (i) The cut in pay will include the increases of income-tax proposed in the Finance Bill now before the Council of State, both by way of surcharges on existing rates or by way of imposition of taxation for the first time on salaries of Rs. 1,000 to Rs. 2,000.

(ii) The increased rates of income-tax in the Finance Bill will apply from the 1st April, 1931, but it is proposed to issue a notification under the Indian Income-tax Act exempting from the proposed increased income-tax of all Government servants whose pay is subject to the cut.

INDIAN FINANCE (SUPPLEMENTARY AND EXTENDING) BILL.

THE HONOURABLE SIR ARTHUR McWATTERS (Finance Secretary): Sir, I beg to move that the Bill to supplement the Indian Finance Act, 1931, and to extend the operation of its temporary provisions, in the form recommended by the Governor General, be taken into consideration.

I do not think, Sir, that it is necessary for me this morning to enter at any great length into an explanation of the details of the Bill now before the House. In the first place, the taxation being of an emergency nature had to be framed inevitably on broad and general lines, and I think that all Members of the House are sufficiently acquainted with it. In the second place, the Bill has been before the country for a month longer than has been the practice in the past with Finance Bills. Indeed, we are within a day or two, as usual, of the end of the extended period. I wish to-day to address myself rather to the more general questions of principle which underlie this legislation, for I think the House will require to be satisfied, in the first place, that an emergency exists of such a nature and of such gravity as to justify the very unusual procedure which has been adopted, the procedure of introducing a Finance Bill in the middle of

[Sir Arthur McWatters.]

a financial year—a Bill imposing very heavy new taxation, in addition to the heavy taxation which was imposed last March, and a Bill which proposes to cover a period of 18 months. In the second place, I think that the House will require, and is entitled, to be satisfied that Government have done all that was possible in the way of reduction of expenditure, so that the gap which remains to be filled by taxation should be as small as possible. These are the two main principles to which I wish to address myself this morning.

First of all, as regards the emergency, I do not really think that any one disputes it or disputes its gravity. To go back to the real causes of it we have to go back very far, to the war and to the legacies arising from the war. But it was possible two years ago to trace the first definite signs of an impending crisis when the heavy fall in prices started which has proceeded with gathering momentum until a short time ago. Last March, the position was still, as we admitted, very obscure. But since then the fall has proceeded with a precipitate rapidity which was unanticipated by anybody. The first point which I have to make, then, is that it is a world-wide crisis, a crisis which has involved not only trade and Government budgets but also currencies all over the world: It is scarcely too much to say that every country in the world is fighting now for the maintenance of ordered society as we know it and, indeed, for the maintenance of civilization. That, Sir, is the position, and, as I have said, I want to emphasise that it is world-wide and India cannot expect to stand outside it. Indeed, there is only one feature in the position of India which is peculiar, and that is that it is in this very difficult financial and economic crisis that we are considering wide, far-reaching schemes of constitutional reform. That alone ought to induce greater caution. A country like India dependent in the main upon the export of international commodities and raw materials was bound to feel the first and direct effects of the fall in prices; but I think it is fair to say that a country like India, where the wealth of the country is created from year to year from the soil, should be one of the first to recover as soon as the tide turns. It is then, Sir, a world-wide crisis.

The second point I wish to make is that the action which Government is proposing is the same as all Governments that can are endeavouring to take throughout the world. They have realized that the only thing to do in a situation of this kind is to re-establish their internal position as quickly as possible to prevent them drifting further into the morass.

Now, Sir, the extent of the difficulty which confronts us can be measured by the extent to which our budget estimates of last March have had to be revised. As the House knows, we anticipate that there will be a deficit this year of about 19½ crores and a similar deficit can be anticipated next year if expenditure and taxation remain the same. For the two years together, there is a gap of 39 crores to be made up. That, Sir, is I think sufficient proof that immediate action was necessary. And as regards the point that the Bill has been framed to cover a period of 18 months there are two points. First of all, to have passed taxation for six months only would have created greater uncertainty, uncertainty in the minds of the business community. It would have meant that imports would have been held back and clearances from bond would have ceased. Nobody would have been certain that the taxation would be continued beyond next March, and in fact we should not have got the

money. That is the first reason, and the second and more important reason is that, as the very object of the whole of this action is to re-create confidence and to restore credit, the advantages of framing your programme for a longer period are very definite and direct. That, Sir, is all I wish to say on the subject of the emergency.

I now turn to the second point, the question of Government's action in reducing expenditure. Now, I make bold to say that six months ago no one would have believed it possible that so much could have been done in the direction of reduction of expenditure as has been actually achieved in these six months, and I think it is only right that on behalf of Government, and particularly on behalf of the Finance Department, we should express our thanks to the Members of both Houses and to the public who have given us such great assistance in achieving this result. Speaking broadly, we have been able, excluding for the moment Railways, to effect a reduction of about 10 crores in the civil and military expenditure. That includes the heavy cuts in pay which, I regret to say, we have had to impose and it also makes allowance for compensation which will have to be given to officials who are retrenched. But I think the House will require to know in a little more detail what has been done. We circulated the other day a great mass of papers, but it is not always easy to get a true perspective and I should like to give the House very briefly a summary of what has been done under the different heads. First of all as regards the Army, the Budget for next year is being framed on a basis of 46.65 crores, which is $5\frac{1}{2}$ crores less than the Budget for the current year. It really is a reduction of $5\frac{1}{2}$ crores, because there are certain unavoidable items of new expenditure, for instance connected with the Indian Sandhurst, which have to be included in next year's budget. The point that I wish specially to make is that that reduction has been achieved first of all by a cut in pay which amounts to 140 lakhs, of which 75 lakhs come from King's Commissioned Officers, another crore has been obtained by postponing the equipment programme, which leaves 310 lakhs which may be classed as items of real retrenchment, and of these only 245 lakhs can be said to be of a recurring character. I think it is important that the House should keep those figures in mind, because it is easy and dangerous to assume that by a mere stroke of the pen the Army Budget can be cut down to 46.65 crores. I have shown exactly what is involved and how far some of these cannot be treated as recurring savings. In the second place, I take the Railways. There the recommendations of the Sub-Committee are being carried out to the fullest extent and the savings from measures already in progress amount to over 5 crores in addition to over 2 crores in cuts in pay. Also it is proposed to appoint a further expert Committee to deal with technical working of the Railways. I mentioned the large amount of savings on Railways, particularly because, although the working expenses of Railways do not come directly into the General Budget, they do in fact affect us directly through our Ways and Means and now that the Railway contribution has for the moment disappeared, it practically means that Railways are not meeting at all the redemption of their own railway debt. Then, as regards the Posts and Telegraphs, here again there was a special Committee and the recommendations of that Committee have been accepted practically in full. It involves immediate savings of about 16.4 lakhs, but the Committee quite rightly addressed themselves to ultimate and permanent economies which will take some little time to carry out. In addition of course there is a large cut in the pay of officials serving in the Posts and Telegraphs. I then

[Sir Arthur McWatters.]

come to the general civil heads which are covered by three Committees, the General Purposes Sub-Committee, the Committee on Public Works and Audit and the Committee on Stores, Stationery and Printing. The reports of those Committees including the first interim report of the General Purposes Sub-Committee recommended economies of 201 lakhs, and we are giving effect to 180 lakhs, that is to say, 90 per cent., which involves a reduction of 24 per cent. in the gross expenditure covered by those reports. Further, on the items which have still to be reported on by the General Purposes Sub-Committee we have plans ready which will involve further savings of 142 lakhs, that is dealing with items which are not as directly susceptible of easy retrenchment as the items which were naturally first selected by the Committee, but on the items which can be subjected to retrenchment the percentage of reduction is 13 per cent., and taking civil expenditure as a whole the savings of 322 lakhs amount to 17.6 per cent. of the total expenditure under review. I think those figures alone show the magnitude of what has been done in the time, but the real point which I wish to make by giving these figures to the house is this, that it would not have been possible to give practical effect to more retrenchment within this period and to take credit for more would simply have meant that we would deceive ourselves and deceive the public; it would amount to this that we would be presenting an unbalanced budget.

Therefore, Sir, I hope the House will agree in view of what I have said so far that an emergency exists which justifies the special action which we are recommending to the House, and secondly that we have done our best to cover the gap so far as possible within the time by retrenchment.

Now, Sir, I turn for a moment to the details of the Bill. In the first place I would call attention to the fact that we are able to save one crore this year and one crore next year by abolishing the system of credit sales of salt. That is a procedure which is of an administrative character but is particularly justifiable in a year like the present. It will mean that at the end of next year we shall be obtaining the normal amount from salt and shall get an extra 2 crores within the special period in which we are trying to make emergency arrangements. The other point which I wish to mention is as regards the revision of postal rates. The figure in the Bill as presented to this House for the letter rate is 1½ annas and no 1½ annas as it was when the Bill was first introduced in the other House. The rate for post cards is ¾ anna. For the rest the procedure adopted has been to impose a uniform surcharge of 25 per cent. on all taxation other than export duties. A few articles have been selected in the custom tariff which for special reasons were considered suitable for higher or special rates, such as artificial silk, boots and shoes and camphor and electric bulbs, and in the case of sugar we have adopted the recommendation of the Tariff Board and have raised brown sugar to the same level of taxation as white sugar. Finally, there are three items that were previously on the free list which have now been made subject to duty, raw cotton at half anna per pound, and dyes and machinery at 10 per cent.

I am quite well aware, Sir, that criticism may be expected of many of these proposals, and a good deal of criticism has been heard already but in judging them I think it is necessary to remember all the time that they were emergency arrangements and that the main object of them

was to spread the burden, the inevitable burden, as widely as possible. When the amendments on the paper are moved it will be possible for us to give some further explanation as regards any particular items; but as regards amendments generally, the House will of course understand that as this is a recommended Bill it will not be possible for me to accept any amendment. But I do not want the House to think for that reason that the discussion of the Bill to-day is a mere formality. In the first place, as I said, we expect criticisms and I also expect that we shall receive some useful and practical suggestions as regards new or alternative taxation; and though it is not possible for me to accept amendments, we are at a time when it is necessary to look ahead as regards taxation. With the reformed constitution ahead of us it will be necessary to explore every possible avenue, and every suggestion that is made to-day will, I can assure Honourable Members, be most carefully considered; and the second point I wish to make—and one which is equally important—is that the House by supporting this Bill will be taking action of a very direct and definite value. The whole object of our procedure is to restore confidence and improve credit and by supporting this Bill the Council of State will be doing a great deal to help to restore that confidence and to improve the country's credit. (Applause.)

THE HONOURABLE MAJOR NAWAB SIR MAHOMED AKBAR KHAN (North-West Frontier Province; Nominated Non-Official): Sir, before I begin my speech on the Bill under discussion, I would like to say a few words by way of explanation to take the debate at its very start. Briefly speaking, I had no wish to open the discussion to-day, but I am doing so in compliance with the unanimous verdict of both the elected and nominated Indian Members of this Honourable House. I cannot say whether I will be in a position to acquit myself according to their expectations or not; though I had a very short time at my disposal to prepare myself for the task, I will try my level best to put my case as lucidly as it is within my power to do, and I hope that I will not fail in discharging the duty entrusted to me to the satisfaction of my colleagues. Now, Sir, putting it in a simile form, I would like the Members of this House to take the Honourable the Finance Member as a doctor, and his ways and methods of handling the country's finance as his diagnosis and prescription for the disease from which his patient, *i.e.*, the Budget of the Government of India, is suffering at present. As a matter of fact, Sir, the most important process in the treatment of patients is to have a correct diagnosis of the disease from which the patient is suffering. In case it is taken correctly and the remedies applied for happen to be the proper ones, the patient proceeds towards recovery at once, and, if otherwise, the disease from which he is suffering develops to a serious stage in a very short time.

Now let us see what the Honourable the Finance Member in the capacity of a doctor has to say about his patient's disease. For this purpose we will have to revert to the patient-chart, *i.e.*, the Budget Speech of 28th February last in paragraph 8 of which the Honourable the Finance Member observes:

"So far as concerns those conditions which normally affect our Indian estimates, there is nothing adverse of which to complain. Crops during the agricultural season 1929-30 were fairly good and the monsoon of 1930 was generally normal, producing on the whole, *satisfactory results.*"

[Sir Mahomed Akbar Khan.]

Further on in paragraph 12 of the same speech he remarks :

"Exports have kept up well in volume and the total imports have not declined to a degree appreciably out of proportion to the drop in the value of the exports."

According to him therefore the decrease experienced in the Budget for the last year was not so much due to any remarkable disorder in the exports or imports of the country as to some other reasons which he classifies as :

- (1) General fall in prices,
- (2) Political disturbances, and
- (3) The weakened confidence in India as a field for investment.

To explain these reasons it will be better to quote the actual words of the Honourable Member, in which he holds them chiefly responsible for the deficit in question. Paragraph 9 of his speech under reference closes with the words :

"She (i.e., India) has felt the severity of the fall in the case of what she has to sell but has not obtained a corresponding advantage of the fall in prices of what she has to buy."

Paragraph 13 particularly lays down that

"Although the course of external trade may have been mainly governed by economic causes, internal trade has suffered disastrously as a result of political disturbances."

Paragraph 14 contains the statement that

"The implication of the movement have weakened confidence in India as a field for investment both at home and abroad and this has led to a decline in the prices of Indian securities, both Government and private, to a lack of credit for traders and of capital for new enterprise and to a steady export of capital from the country."

This is a brief summary of the diagnosis taken by the Honourable the Finance Member of the economic and financial condition prevailing in India during the year 1930-31, with the inference that the deficit in the last year's Budget is chiefly due to the reasons stated before.

Now, Sir, let us see what remedies were applied to remove the defects resulting in a deficit Budget for the last year. In the first instance he was glad to announce a reduction of 1.75 crores of rupees in the military expenditure and a retrenchment of 98 lakhs in the civil expenditure, aggregating to 2.73 crores against the deficit of 17.24 crores, *vide* paragraphs 30 to 42 of his speech under reference. To make up the remaining deficiency of 14.51 crores, new taxes were proposed by way of increase in the rates of income-tax, super-tax and custom duties on liquors, sugar, etc. Surcharges were levied at 2½ per cent. to 10 per cent. Schedule, 5 per cent. to 15 per cent. Schedule, 10 per cent. to Luxury or (30 per cent. Schedule).

All these measures of reduction in civil and military expenditure and increase in the existing income by means of new taxation were adopted to have a balanced Budget at the close of the current year. But what is the result, Sir? The Honourable the Finance Member tells us on the 29th September last that the Returns of the first five months of the current financial year will fall short by at least Rs. 10 crores. The income-tax will be deficient by 1½ crores and the salt tax by something about 8 lakhs. All this aggregates to 11.32 crores and apart from this the traffic returns

on railways are showing a very disquieting position and all this at a time when the monsoons are considered to be satisfactory and the political disturbance at a stop after the truce between the Congress and the Government.

What is the inference then that can be drawn from this position of the country budget? Will it not be this that either the reasons of the financial crises as taken by the Honourable the Finance Member are not correct, or the remedies applied against them are not the proper ones. Doubtless it is either of the two, and to my mind it is the remedies that have not proved effective in their operation. Three principal reasons have been attributed to the fall in the last year's Budget. Of these, the second one, *i.e.*, political disturbances, are no more for the present moment at least. The first and the third therefore demand the immediate attention of the Government, and it is in this line that we ought to proceed more carefully and cautiously. In order to meet these we ought to take a lesson from the past experience. Our experience of the last 5 months shows that the proposed reductions to the extent of 2·73 crores in the military and civil expenditure along with abnormally enhanced rates of income from all sources have not been found efficient to produce the desired result of balancing the Budget for the current year. On the contrary we are faced with a further deficit of 11·33 crores only within a period of five months against expectations. It follows therefore that the methods adopted some six months back to improve the financial position of the Budget have not turned out to be of any benefit and in view of the results obtained I do not think that the only remedy to better the condition of the country's finance lies in resorting to slight reductions in Government expenses and enhancing the rates of those sources of income which are already proving a burden to the general public. I submit therefore that some substantial and permanent method should be adopted to meet the situation created by the economical depression in the country. Increase in taxation has not proved fruitful up till the present moment and it cannot be expected to prove so even in future.

I am sorry that I cannot agree with the Honourable the Finance Member's view desiring the public to appreciate that the Government are not so much increasing the total amount of taxes levied as providing, by increasing the rates, for collecting the same amount of revenue. Nominally it may be the same amount of revenue but in reality it is not, because on account of the fall in prices the rupee has a greater purchasing power. At the same time, the burden of taxes is much greater because also of the decline in the national income, for according to Findlay Shirras the national income in 1924 stood at Rs. 52,600 millions, whereas in 1929-30 it has come down to 28,090 millions of rupees. Since then the fall must have been even larger. The retrospect has been gloomy and the prospect is feared to be more so in view of the following: (1) The additional taxes imposed during the war still remain. (2) Additional taxes imposed to cover the deficits of 1918—1922 still continue. (3) Nothing out of the gain from exchange since 1922, from fall in prices, from the appropriation of currency reserve, from automatic savings on military expenditure has gone to the relief of the tax-payer. (4) As already pointed out by me while discussing the General Budget on the 7th March last, Sir Basil Blackett in his Budget speech for 1925-26 had the frankness to admit that "the level of taxation here is much above the pre-war figure." The Honourable Sir Arthur McWatters during his evidence before the Currency

[Sir Mahomed Akbar Khan.]

Committee was asked the question, "You think taxation is undesirably high?" and he replied, "I do". In spite of all this the country is asked to submit to more additional taxes to the extent of 4.10 crores in the Budget for 1930-31, Rs. 14.82 crores in the Budget for 1931-32 and Rs. 9.38 crores in the second Budget for 1931-32. Now, Sir, India is an agricultural country and consequently the wealth or poverty of the people mainly depends on the prices of their agricultural produce. When the prices experience a general fall does it not mean that it adds of itself an increasing and real burden to the people paying the existing taxation? Taking it in another way, Sir, it may be shown that the tax revenue from principal heads in 1921-22 was 64.77 crores and the Calcutta index number of prices was 178, whereas the tax revenue from principal heads in 1930-31 is 73.49 crores when the Calcutta index number of prices was 101 in December, 1930. Measured in terms of the rupees of 1921-22 the taxation of the Central Government in 1930-31 is equal to 120.5 crores showing an increase of 99.8 per cent. since 1921-22. Against this the expenditure to-day is higher than that in 1921-22. It was 143 crores when the Calcutta index number of prices was 178. In 1931-32 the expenditure is 136.94 crores when the Calcutta index of prices was 93 in July 1931. Measured in terms of the rupees of 1921-22 the expenditure of the Civil Government in 1931-32 is equal to 262.1 crores showing an increase of 119.1 crores as compared with the expenditure of 1921-22, or stating it in another way, what you could get for a rupee of 16 annas in 1921-22 you can get agricultural produce of that quantity for 8 annas 4 pies to-day. It is therefore that I respectfully submit that in view of the serious fall in national income, particularly from agricultural produce, the present is the worst time for additional taxation and I am afraid it will not result in a satisfactory solution of the present day financial trouble. We have a precedent in the case of the additional taxation of 1920 and 1923 which was levied to cover the deficit and not to provide for remission of contributions and, yet, in spite of that, the surpluses since 1923 were not utilised for the relief of taxation. On the other hand, the Meston Committee did not say that the Central Government should impose additional taxation in order to remit contributions. Similarly Sir Walter Layton has not recommended that the Central Government should create by additional taxation a surplus for distribution to the provinces.

Under the circumstances I am afraid the imposition of additional taxation as proposed will simply aggravate the economic situation. It is necessary, therefore, to increase the agriculturist's purchasing power by lowering the prices of manufactured goods and not by raising them by increasing the customs duty. By doing so you will be acting in accordance with the advice of Sir Walter Layton, who says that the standard rate of duty of the Indian tariff, i.e., 15 per cent., with 30 per cent. on luxury goods is already high for a mainly agricultural country like India. But what is the state of affairs in practice? The Taxation Enquiry Committee in its Report, paragraph 502, made a few recommendations. Far from affording relief to the overburdened classes by carrying out those recommendations, the customs duty on conventional necessities such as sugar, kerosene oil and matches have been increasing. No reduction has been made in the value of non-judicial stamps or court fees. The duty on machinery is on the increase although it is proving injurious to agriculture and industries. Other protective duties are being renewed from year to year at the cost of the consumer.

Such a state of affairs has resulted in the present financial crisis, to meet which I would like to place a few of my suggestions before the House. These, if acted upon, are sure to bring about the desired result of getting a way through the present difficulties. In the first instance, I would suggest more reductions in the civil and military expenditure bringing it to the pre-war level of 1913-14. This, I think, is most expedient in view of the general fall in prices. Since the present day figures of expenditure were reached on account of increase in the cost of living, it stands to reason that the present day decline in the cost of living owing to fall in prices should also be taken advantage of by effecting a corresponding reduction in this expenditure. Now these expenses are incurred for the sake of Europeans as well as Indians in service, but as it is in the interest of India to curtail her expenditure, I think the Indian element ought to submit to the sacrifice demanded of them without any hesitation. This action of theirs will even induce others to follow their example. Although I know it full well that for the present at least it will be difficult for the Europeans to fall back on their incomes of 1913-14, but if they agree to submit to the necessity of the hour, their sympathy with the country they claim to bring on a par with the rest of the world in civilisation as well as financial status will no doubt be highly appreciated by the Indian nation. By resorting to the level of pre-war expenditure there can be a saving of 33.09 crores of rupees from the civil and military expenditure only. The military expenditure in 1913-14 stood at 31.89 crores, whereas during the year 1931-32 it has reached the sum of 53.63 crores. The civil administration in 1913-14 cost us only 5.15 crores, whereas it costs us now nearly 16½ crores in spite of the fact that the provinces have taken over several functions. The question of efficiency is sometimes advanced as an impediment in the way of falling back upon the pre-war expenditure. The Government of India was running quite efficiently before 1913 with its expenditure of those days. Since 1920 it has made over certain functions to the Provincial Governments, for instance, irrigation, famine insurance and industries. It ought, therefore, to reduce its expenditure with the exception of legitimate increase in the nation-building departments in the areas directly administered by the Government of India. Even in the areas administered by the Central Government there is a sufficient margin for reduction in non-nation building departments. For instance, Delhi Province has a Chief Commissioner although its area is smaller than that of a district of the Punjab. In Ajmer-Merwara there is a Chief Commissioner and a Commissioner as well. I think it will be better if Ajmer-Merwara is amalgamated with Delhi Province under the charge of the Chief Commissioner, Delhi Province. By effecting this amalgamation there can be a considerable saving of the emoluments of a Chief Commissioner and a Commissioner. At the same time the question of creating new provinces should be left out of consideration as the finances of the country does not permit this arrangement. On the other hand the newly created provinces should be re-amalgamated with their old province in order to reduce the expenditure.

As regards Railways, I fail to understand why every railway servant is allowed a certain number of free passes. I do not think they receive lower salaries as compared with the other departments. The system of free passes should be discontinued altogether. The frequent use of railway saloons and reserved compartments should be discontinued during the period of financial stringency. When the Prime Minister of England is travelling by underground railway, there cannot be any reason for the

[Sir Mahomed Akbar Khan.]

use of these saloons and reserved compartments by the officials at large, and especially the junior railway officers. The companies run the railways always at a profit but since the State has taken over their management these are reported to be running at a loss, the obvious reason being its top heavy overhead charges.

There is no need for the up-keep of dak bungalows, P. W. D. bungalows, railway rest houses and circuit houses, all four located in one station, and especially when there are hotels in a place. Ambala is a typical example of this kind, where there are all these bungalows as well as four private hotels. These can be sold out and the passengers or officials on tour can arrange their accommodation in the hotels or with their friends.

There is no need for a permanent Tariff Board in view of the financial stringency. In case of any particular necessity a committee can be appointed consisting of two officials and a non-official acting honorarily. Provincial Governments should be asked to have one Public Service Commission for the whole of India. The Government of the United Provinces is selecting its candidates through the aid of the Central Public Service Commission, and there is no necessity whatsoever for separate provincial Public Service Commissions.

No doubt income on taxes is generally on the decrease. For instance, take the case of Opium the income from which source in the year 1931-32 has come down to 2.15 crores from a high sum of 7.84 crores in the year 1911-12.

The general position is that we should vote Government supplies in each department for the expenditure incurred in 1914, and the Executive be asked to justify every additional item over and above the level of 1913-14 in this period of national emergency.

Before resuming my seat I would like to add that I do not want to have a Socialistic Budget in taxing the rich people only. The poor people are enjoying as much protection of the Government as the wealthy and in consequence there should be a universal rate of taxation as is provided in the Muhammadan Law. The Islamic Law does not make any distinction between the rich and the poor, for any person having an income of 100 rupees a year is bound to pay $2\frac{1}{2}$ per cent. of it or any portion thereof according to the amount of his income. When a widow holding half an acre of land is asked to pay her quota of land revenue, where lies the unfairness in asking a person with an income of 40 rupees a year to pay his quota of taxation, i.e., one-fortieth portion of his income according to the Muhammadan Law? After all, the British Government has taken this country from the Moghuls and as such they are the inheritors of that Empire which used to collect taxes in accordance with Muhammadan Law, i.e., a tithe of the agricultural produce and one-fortieth of the capital income. These taxes were levied by the Saracens and the whole Muslim world and I do maintain that by this method of taxation the Government of India will get more, or at least the same amount of income as is estimated at present, from income-tax, super-tax and other objectionable direct taxes, without making the rich people to be a special target of their taxation. Be it known to the Honourable the Finance Member that the rich man is not sitting idle on his money, but he is circulating it by means of investments and employing labour to the advantage of the poor. If the Government intend to hit hard the

rich people only, it means they are fostering the methods of bringing in more unemployment and ruining the country's industries. Increase in unemployment will create more agitation in the country which after all is one of the reasons held responsible for the deficit Budget by the Honourable the Finance Member in his speech which I had the pleasure to refer to at the very commencement of my speech. As I am a nominated Member and this present Bill is a certified one, unfortunately I have no other alternative but to vote for it, but I cannot express my feelings for doing so. At the same time I would request the Honourable the Finance Member that the policy of always increasing the crushing and overburdening taxation should be abandoned at the earliest possible opportunity. And now I will ask my friend Mr. Basu and the Honourable Lala Ram Saran Das to advise us with their expert opinion, and I hope they will prove their mettle in dealing with this subject.

THE HONOURABLE MR. E. MILLER (Bombay Chamber of Commerce): Sir, whatever our views in regard to this supplementary Finance Bill may be, I feel sure all Honourable Members of this House must sympathise with the Honourable the Finance Member in the very unpleasant task he has had in framing the Bill.

Now there is no doubt whatever about my feelings in regard to the Bill and had it come to this House in some other and more usual form, I should have had quite a lot to say about it, but in view of it having been certified by His Excellency the Viceroy, I feel inclined to sum up my remarks in the following few words addressed to the Honourable the Finance Member:

I do not like this Finance Bill.

For why would take too long to tell.

But this I'd have you know full well.

I do not like your *horrid* Pill.

I say I feel inclined to leave it at that but I do not think, Sir, I can allow the matter to pass quite so light-heartedly, and although I suppose I have got to swallow the pill, I beg leave to offer a few criticisms in no unfriendly spirit but with the desire to be helpful at some future date.

First of all I would say that I came here last week armed with instructions from the Bombay Chamber of Commerce to oppose the proposal that clause 8 should have any retrospective effect in so far as salaries are concerned, and to demand that the surcharge tax on salaries should only take effect from the date the Bill becomes law.

However, the Honourable the Finance Member has explained elsewhere that it was the Government's original intention that the proposed surcharge of 25 per cent. should not come into effect until the date the Bill was introduced and that it was only when this was found impossible under the Income-tax Act in its present form, which provides that any income-tax imposed must apply for not less than a financial year, that the proposal was amended to a surcharge of 12½ per cent. for the present financial year and 25 per cent. for the year 1932-33.

That being so, and being President and representative here of what I believe the Government consider a reasonable and sober-minded body, I do not feel I can reasonably demand something which I am informed is, under existing conditions, legally impossible. I hope, however, that early steps will be taken to amend the present Income-tax Act, so that action such as the Bombay Chamber proposed will be possible should a similar occasion arise at some future date.

[Mr. E. Miller.]

Sir George Schuster has admitted in another House that the retrospective effect of this clause is the most objectionable feature of the Bill, and I agree with him. There is no doubt that it will create distinct hardship on many, if not all concerned, to have to pay up for all these months back to last April. In considering this the Bombay Chamber were not only thinking of its members and their European staffs, but also the Indian clerical staffs and other salaried individuals who are of limited means and who live from month to month with little or no margin for unforeseen expenditure. It is no good saying they have known of this since September and should have been providing for it ever since by putting aside each month the equivalent of another 25 per cent. surcharge. These poor people could not be expected to have done this, but naturally would be much more inclined to think that some remission would be made in regard to the back months if ever the surcharge was put into effect, many probably hoped it never would be enforced. However, the position is such that there seems no way of avoiding it and we must accept it, but under protest.

Now with regard to the other proposals for increased surcharge on import duties and new duties imposed, the Bombay Chamber of Commerce are not satisfied that in every case the measures proposed are the best as emergency duties, and they feel other channels might be explored with advantage. They are therefore strongly opposed to agreeing to these in every case for such a long period as eighteen months and I am instructed to request Government to give this House a definite undertaking:

- (1) That at the time when the Budget is normally presented and discussed, *i.e.*, during next February-March Session, an opportunity will be given for the consideration of alternative proposals for raising revenue during 1932-33 other than those now enacted, and
- (2) That in the meantime Government will consider and investigate any such proposals that may be put forward by responsible bodies or individuals.

I may say that this request comes not only from the Bombay Chamber of Commerce, but also from the Bombay Branch of the European Association, so that in putting this forward it must be recognised that it comes from a very powerful group and I hope it will receive the full support of this House.

It may also be found necessary at the next Session to reduce some import and excise duties, and in this connection it seems to me that two duties that will have to be carefully watched are those connected with motor cars and petrol. The duties are now so high that they must affect seriously transport and I should not be surprised if many of the small bus services, which carry from interior villages to the larger centres served by the Railways, will have to close down, which will not only cause great inconvenience but have a far-reaching effect on trade, railway receipts and development generally. It was suggested recently by Sir George Rainy at the Railway Conference, when the raising of freight rates was discussed, that it might be advisable in some instances to even reduce rates in order to maintain the tonnage carried, and I believe it would pay the Government to reduce the motor car and petrol taxes to below those obtaining in April last. In doing so, however, I would recommend that

the Government of India should seek the co-operation of Provincial Governments with a view to ensuring that any reduction made by the Central Government should not be taken advantage of by Local Governments to enhance taxes within their control. Under the proposed taxes, none but the wealthy will be able to use motor cars except when urgently necessary for business reasons, while the demand for new cars will practically cease to exist.

With regard to retrenchment, I have made a rather hurried examination of the Committee's recommendations in their interim report and I think where these have not been accepted by Government in full, the reasons given in most cases have been most fair and reasonable. In some cases, however, I think the Committee in their anxiety to cut down expenditure have quite failed to appreciate the importance of maintaining the efficiency of certain services. Any proposals connected with the development of the country, as for instance Agricultural Research, and the use of modern methods for the improving of crops and the cultivation of fallow land, should be encouraged with a view to their activities being extended, so that the country may reap the full benefit when trade conditions improve. On the other hand a subject that seems to have escaped with a very light blow from the axe is Education, the cut recommended being most inadequate, and this calls for further serious investigation.

Civil Aviation has received a severe blow and in these times the foolish policy of reserving this as a "key" industry and confining it to Indian enterprise should be thrown overboard and the service should be extended all over India by whatever method is available. If Indian firms come forward, by all means let them be encouraged, and in this connection Messrs. Tatas deserve the fullest support in their attempt to establish a Karachi-Bombay-Madras service. I hope the Government will not let this opportunity pass merely for the sake of effecting some small economy, but rather have the big idea and the vision to see that not to encourage this venture would be a retrograde step which may cost the country more in the long run.

In matters of this sort and all other forms of opening up communications, we cannot afford to lie back and await better times. It is not a business proposition to adopt this resigned attitude. The means must be found just as any large business concern is finding the means to develop during this slack period, so that the country may be ready to take full advantage of whatever is offering when an all-world revival takes place. I believe this will come sooner than many expect and at any rate it is the line and policy we should work on.

It was suggested by an Honourable Member in the other House that the Budget should be balanced by loans, which proposal the Honourable the Finance Member quite rightly rejected. But having balanced our Budget and maintained our credit in the eyes of the world, I think it is quite a fair business proposition to recommend the floating of loans for specific development schemes, such as opening up communications in the interior and fostering all agricultural activities. If the country is to take her proper place in the world of commerce when conditions improve, the present dull period must be used for constructive work, otherwise India will be left behind in the race.

One point more and I have done, and I am afraid this comment of mine will be unpopular with the Services to which I am referring, amongst whom I like to think I count many friends of long years standing. My remarks are connected with the 10 per cent. cut to which they have agreed

[Mr. E. Miller.]

but which will first take into account the increased income-tax before the deduction is made. I think the general feeling is that in consenting to this qualified cut, these Government officials have not entered quite so fully into the spirit of retrenchment as is generally the case in other circles. I do think that a flat 10 per cent. cut in these days of stringency is not an unreasonable proposal, particularly as the cut is to be the first charge to be withdrawn as soon as the financial position permits.

In conclusion I would appeal to all Honourable Members of this House to pass the Bill as recommended by His Excellency the Viceroy; times are critical and although we may not see eye to eye with the Government, I think in the interests of the country and her credit we should support the Bill and the Government.

THE HONOURABLE MR. BIJAY KUMAR BASU (Bengal: Nominated Non-Official): May I say, Sir, at the outset, that if Lord Irwin admonished us with whips, it was left to His Excellency Lord Willingdon to chastise us with scorpions. Is it not tragical, Sir, that in the course of a year we have been confronted with two Finance Bills, both of which were thrown out by the Assembly and both of which were certified by the Governor General? In March last, Lord Irwin, at any rate, went some way,—be it ever so little,—to meet the wishes of the Assembly; on the present occasion the Assembly has been curtly and sharply dismissed, with the remark: “You shall not make any cuts, because we shall not accept any.” Putting it, Sir, in a blunt way, this means that all the Govern-

ment were willing to do was to allow the Members to indulge
12 Noon. in some oratorical gymnastics. If that is the attitude of the Government, if that is the attitude, at a time when, we are asked to believe, great and far-reaching reforms are on the anvil, I can only say that either the Government take the legislators to be a body of nincompoops or that they themselves are suffering from an utter lack of humour.

Proposals calculated to balance the Budget preceded the suspension of the gold standard in Great Britain. Here, in India, our efforts to balance the Budget followed the suspension of the gold standard. In Britain the late Chancellor of the Exchequer sought to derive considerable satisfaction from the fact that whatever other adverse developments might be in store, sufficient safeguards had, at any rate, been taken to avoid any inflationary tendencies at home. It was, so to say, a case of posthumous satisfaction. In our case, the fear of inflation has been somewhat of a penultimate warning. In fact, in the very opening paragraph of the Finance Member's speech emphasis was laid on the importance of maintaining the intrinsic soundness of the internal financial position and Sir George Schuster opened his address with a warning that “once a country's currency is cut adrift from the moorings of a stable standard, such as Gold, it is particularly necessary to avoid getting into any sort of inflationary position resulting from a failure to balance current expenditure with current revenue.” This, then, is at once the *raison d'être* and the keynote of the emergency proposals which are now under discussion. I would therefore, I think, be entirely justified if I applied to Sir George Schuster's Budget this supreme criterion: if his proposals are accepted, is that a sufficient safeguard against any possibility of inflation? I may pose the question in another way, is the way in which the Budget is now sought to be balanced, the correct and scientific way? Is this balancing, a real balancing, or only a make-believe, an eye-wash, a mere “dallying with false surmise.”

The position, Sir, simply stated, is this. The estimated deficit in the current year is 19.55 crores against which the new provisions are 30 lakhs by retrenchment, 60 lakhs by cuts in salaries, 1 crore by anticipation of salt revenue, 7.11 crores by new taxation, and 37 lakhs by increased postal and telegraphic charges. These measures are expected to result in a total improvement of 9.38 crores; so that the deficit at the end of the current year would be reduced to 10.17 crores. So far as the next financial year is concerned, against an estimated deficit of 19.50 crores retrenchments are to provide 7 crores, cuts in pay 1.90 crores, anticipation of salt revenue 1 crore, new taxation 14.10 crores, increased post and telegraph charges 73 lakhs. The improvement thus expected comes to a total of 24.73 crores. So that the year is expected to close with a surplus of 5.23 crores. Taking the deficit of 1931-32 and the surplus of 1932-33 together, this two-year Budget is expected to result in a deficit of 4.94 crores. Now, how has it been met? The Gordian knot at this stage is cut by reducing the contribution to the fund for the Reduction or Avoidance of Debts by 2.47 crores in the current year and a like amount in the next year. This is the Budget, in brief outline. On the face of it, it is clear, that in spite of all these tall claims made on behalf of retrenchment campaigns, in spite of the much-advertised sacrifices of Government servants through cuts in salaries, in spite of new taxation, which for these 18 months are to fetch in nearly 22½ crores it required a raid on the sinking fund even for the mere technical balancing of the Budget. We have been familiarised by Mr. Churchill, once Chancellor of the British Exchequer, with this expedient of raiding sinking funds. Nevertheless, while procedure of this kind is obviously unscientific and even positively dangerous, I have special reasons to take the strongest exception to this unwholesome practice. In my speech in the spring Session, I urged a strong plea for a more intelligent and a more appropriate utilisation of the debt redemption fund with a view to strengthening the securities of Government. The appeal that I made on this behalf, fell on deaf ears. Strangely enough, the same appeal was addressed to the Government under more importunate circumstances. In the case of the last sterling loan the under-writers were left with a considerable amount of the issue in their hands, and the loan declined to a heavy discount. The under-writers made representations to the India Office, that in a situation like that Government should step in and support the market. The under-writers did not rest content with this appeal, but at the same time a warning was given to the Government of India that unless the London market was assured in regard to a policy of active support to securities as when prices showed undue sagging, London under-writers, would rather not touch Indian sterling issues at all. Even this warning was of no avail. The Government have stuck to their position that the fund should be no more than a dead weight on current revenues. We, therefore, still continue to provide in our Budget on the usual basis the appropriation for the Avoidance or Reduction of Debts, though by the way, the fund neither avoids nor reduces our debts: what happens to it? What practical use is made of it? Whether for all the results produced this appropriation is at all necessary or useful?—these are questions which, even at the risk of horrifying financial puritans here and elsewhere, I must make bold to ask during these times of financial stringency. If there is to be no intelligent utilisation of the large sums set apart for this purpose, I for one would say, now and here, let us have no more of this mock gesture. Let us wipe out the contribution altogether. Let us not saddle current revenues with this burden. Let us in a word make up a good portion of the deficit by dispensing with a futile provision; when it is

[Mr. Bijay Kumar Basu.]

remembered that the provision for reduction or avoidance of debt comes to nearly 14 crores for these two years, the relief that would come from a cancellation of this provision, should certainly be deemed considerable. If this is done, the combined results of the two years will not be a deficit of 4.94 crores but a surplus of 9 crores. New taxes to this extent could, in such circumstances, have been lightened or the over-taxed senior officials of the Government, instead of facing cuts in salaries, could have been given a few more increases or a few more allowances.

I would, therefore, urge that either the contribution to the Debt Redemption Fund should be entirely wiped out or the entire amount kept as it is subject to the important proviso that this fund should be utilised directly and actively for the support of securities as has been demanded by me in this House, by the Honourable the Deputy President in the Assembly, by the investors in the London market and practically by every banker in this country.

On an answer to the issues I have raised the answer to my first question in regard to inflation largely depends. If we decide—and I have no doubt in my own mind that we should so decide—that the provision for reduction or avoidance of debt is essential in the interests of the integrity and stability of Government's credit and if the Government agree and undertake to utilise this fund for open market operations in the securities market, it follows that a Budget balanced by raiding the Sinking Fund cannot be said to be truly balanced. On the other hand, if we decide that the provision is no longer necessary as it has never been availed of to the best advantage, we may then consider that the Budget is not only balanced but overbalanced. I shall leave this part of the discussion here.

I should also from the point of view of inflation arising from maladjustment of current revenue with current expenditure, examine how far the new taxation proposals are likely to yield the results anticipated. I will readily concede that Sir George Schuster should have taken special care to see to it that in his estimates of additional revenue from increased taxation, he has suitably provided for a reduction in consumption. But I must confess that I cannot shake off the fear inspired by my most elementary knowledge of the law of diminishing returns. Indeed, so obsessed am I by this factor that I cannot but give expression to my apprehension that Sir George Schuster may find himself in regard to the new taxes of his Budget in the same position in which he found himself as regards those of the last Budget. I would consider that the better part of wisdom lies in being forewarned, or at any rate, being forewarned, against the likelihood of a short fall of say Rs. 5 crores. This means, therefore, that even if the heterodox interference with the Sinking Fund be winked at, the Budget could be said to be balanced only if Rs. 5 crores are kept somewhere up the sleeve. The problem thus analysed affords a final and conclusive emphasis on the need for further exploration of the avenues of retrenchment, a less tender heart in regard to cuts in bigger salaries and an examination of the soundness of the cuts that were carried out by the Assembly.

THE HONOURABLE MR. G. A. NATESAN (Madras Nominated Non-Official): Sir, having regard to the circumstances in which this Bill has been brought before us, I may say at once that I shall vote in its support but I propose to take full advantage of the exhortation of the Honourable the Finance Secretary that we should give our criticisms and I

propose to do that to the full freedom that I have generally enjoyed in this House even as a nominated Member. I shall give five criticisms of this Bill:—

- “(1) Several of the Budget proposals are antagonistic to the interests of India and we are confident that they will not produce the anticipated revenue.
- (2) It is an easy matter to raise all taxes by 25 per cent. but to get 25 per cent. more by so doing is no more easy than to draw milk from a dry cow.
- (3) Sir George Schuster's Budget is a bad Budget by the test that its whole effect would seem to be to reduce the volume of trade from which revenue comes.
- (4) The Budget is bad again because it ensures that huge sums of money will go into private pockets while the Exchequer remains empty.
- (5) Income-tax has been raised by unheard of percentages in a single year.”

These five criticisms are sentences taken from the *Statesman* whose Editor is the Leader of the European Group in the Assembly and I think they carry their own comment. I will not therefore dilate on them.

Sir, reference has been made to the retrenchment proposals. As one who has served on a Retrenchment Committee in the humble capacity of Chairman, may I say that I voice not only my views but the views of others when I say that we are sorry that full effect has not been given to all the retrenchment proposals.

It seems to me that it is positively unfair for the Government of India, constituted as it is, to be saddled with all the responsibility for framing a Budget and for meeting the deficit. As things stand at present, the Army is consuming a lot of our revenue. I am sorry I have to make these remarks in the absence of His Excellency the Commander-in-Chief. I had thought he would be present, but I hope nobody will accuse me of saying things in his absence. Sir, the Commander-in-Chief himself has inherited a system which has, if I may say so, proved most injurious to the best interests of this country. I cannot possibly reconcile myself to the statement, even though it comes from the mouth of the Finance Secretary or of the Finance Member, that all possible retrenchment has been effected in regard to Army expenditure. For over half a century it has been our cry and that has been echoed by some of the most honoured men who have occupied the most prominent place in Indian politics—some of them, alas! are no more—that the Army in India is always maintained in excess of the real requirements of the country, that the system by which soldiers are recruited is one which is to the advantage of the pockets of Great Britain but ruinous to the pockets of the Indian tax-payer. I am not sure, Sir, that if another Incheape Committee was again appointed, they will not be able to effect further retrenchments in the Army expenditure. The fact is that whenever this question of the Army in India is considered, the interests of India have more often been sacrificed, and I fear that if the present system of Government is to continue, there will be sacrifices of India's interest in the future also. There has been a reference made to the cut in pay and as my Honourable friend Mr. Miller has referred to it, I should like, as a member of a Retrenchment Committee, as one who

[Mr. G. A. Natesan.]

has played his own humble part in public life, to protest against the manner in which this cut in pay has been effected. Almost all the Committees—probably with the exception of one—suggested a graded cut in pay, but the Honourable the Finance Member, for reasons best known to himself, has not adopted that course, and the result is that we have got a uniform 10 per cent. cut and exemption from the surcharge on income-tax for the higher officers adds poignancy to the situation.

Sir, it has been said repeatedly that this Budget should be voted more to preserve the credit of the Government of India. The Finance Minister who thinks that he has achieved this object by producing a balanced Budget and by showing a surplus makes the greatest mistake of his life. If you wish the country's credit to be sound, you must have contentment and prosperity, and more than anything else the loyalty of the people. You may try to have a balanced Budget; you may try every measure, every policy, but let me tell you in all seriousness that you will not succeed in making the people outside India believe that everything is sound here, because you have produced a balanced Budget. With the agrarian situation proving most troublesome, with a discontented population, with large masses of the people living on bare sustenance, and more than anything else, with the intelligentsia of the country, strongly supported by the people who are bound to stand by them, because they are their own kith and kin, crying aloud for a remodelling of the system of Government, which will give them a proper place in the administration of the country, you cannot possibly say that because you have produced a balanced Budget, the credit of the country is sound. Believe me, you are going about it in the wrong way if you think that a balanced Budget alone means credit for the Government of India. Sir, I do not think any purpose is served by non-official Members harping upon this matter.

I see this is a Budget for 18 months. May I say that to me the only solution is that in those 18 months everybody should wish and pray that the present constitution of the Government of India is radically changed. With a Government of India constituted as it is, utterly irresponsible to the Legislature, no good can be done. You can have a splendid, a great and noble Viceroy with past experience of two Provinces where he has earned fame and popularity, you can have the best Indian representatives to advise you in the Council, but all that is of no avail if the present constitutional machinery is to continue. I hope non-officials and Honourable Members opposite and everybody who is a real friend of India and every Britisher who wishes that the British alliance should be continued will do his very best to see that the death knell of the present system of the Government of India is rung and that a new era of responsible Government is brought into being. If you do that you will be a friend of India and a friend of the British Empire.

THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM (Bihar and Orissa: Muhammadan): Sir, may I move my amendment?

THE HONOURABLE THE PRESIDENT: The Honourable Member is no doubt aware that the statutory rules in regard to a recommended Bill prevent him from moving a dilatory motion as an amendment without the sanction of the Member in charge of the Bill. Am I to assume that he has received that permission?

THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM : No, Sir. Then I will speak on the motion before the House. Sir, the new Finance Bill, which is before us, proposes to introduce new taxation to the tune of 14.83 crores. The old Finance Bill of last March imposed new taxation of 13 and odd crores, making a total of about 28 crores of new taxation imposed in one single year. I am not saying that the whole of this taxation will be realized from Indians, because Indians have not got the money in their pockets to give, and they can very well laugh in the face of the tax-gatherer. But the Bill as drafted is estimated to yield those sums in a normal working year. Our annual expenditure, according to the memorandum of the Honourable Mr. Denning, is expected to be this year 92.91 crores, leaving aside self-balancing-commercial department. This means that we are imposing new taxation of 30 per cent. of the ordinary disbursement of the Government in a single year without any unusual catastrophe like war, famine or anything else. I challenge the Treasury Bench to cite the example of any democratic country in the world which has imposed a taxation of this magnitude in any single year to meet its ordinary day to day disbursements. The British Government, whom we should copy and which is always held up to us as an example, have treated this matter in an utterly different way. They have not imposed taxation, including both their Bills, of more than 11 per cent. of their ordinary disbursements. There is a categorical difference in the way in which England has met this emergency and the way in which the British Government in India is going to meet it. Whereas England has reduced its sinking fund contribution to the bare contractual liability, we are going to pay not only for our own contractual liability of 1.79 crores for the 5 per cent. loan, but we are going to pay 2.13 crores for the railway annuities and about 30 lakhs for the railway sinking fund, and for other loans at the rate of one-eightieth of the excess on 1923. Sir, while England has provided 22 million pounds out of a deficit of 71 millions from economies, we are going to make the magnificent contribution of 90 lakhs in a deficiency of 19.53 crores. We are going to tax India for the composite period of two years, when we are faced with a deficit of 39.05 crores, with extra taxation amounting to something like 22.31 crores, or nearly 60 per cent. of the whole amount. England is going to meet its deficit of 244 millions by imposing new taxation of 40 millions and 80 millions, or 120 million pounds, or less than 50 per cent. Sir, the Railways were expected to pay us 5.36 crores, after making allowance for the loss on the strategic lines, but by a stroke of the pen the Honourable the Finance Member has absolved them from paying this contribution. In a business deal we always receive some value for anything we pay; here we are asked to absolve the Railways from any payment they might make to us, but our liability to pay on their behalf is still imposed. When the Honourable the Finance Member was asked in the other House during the last Delhi Session to reduce his contribution to this head of Avoidance and Reduction of Debt, he said that the items of contribution from Railways and the reduction and avoidance of debt were so closely connected with each other that it was difficult to strike out one without cancelling the other. This provision for the reduction and avoidance of debt is a canon of sound finance, but the way in which the Government of India is working it, has made it a sorry joke. During the year just ended, 1930-31, our deficit, without making provision for this head, was 6.50 crores, and although we were faced with a deficit still the provision for reduction or avoidance of debt was added on to make the deficit from one of 6.50 to one of 12.68 crores. Is it sound finance that we should

[Mr. Abu Abdullah Syed Hussain Imam.]

borrow money to make provision for reduction and avoidance of debt? What is the use of reducing your debt when you are contracting additional debts to reduce your debts, and that too in the face of the fact that our Treasury Bills are being issued at the unheard of rate of 7·2 per cent.? We are taking money at such high rates to reduce our debts which were at something like 5½ per cent. (the average for the last year). Now, Sir, I do not understand how the Finance Member can justify his statement on financial affairs when his own remark is, "that the foundation on which customs duty has been based is fluctuating". This is his first remark: and his second remark is that the "effects of the reduced gold value of the rupee on imports are still unknown, estimates, particularly of customs revenue, are, to say the least, highly uncertain".

We are asked to believe as gospel truth the statements contained in the budget statement which according to their author are like this, unreliable. And the soundness of the financial position is sought to be secured by these make-believe arrangements, and the Government cannot accept any cuts made in the Assembly by the representatives of the people. It may be of interest to know that not a single elected Member, with the possible exception of an Honourable Knight, voted for the Government measure in the Assembly, and even nominated Members went against it. I am sorry that the Honourable the Law Member, who is our Leader of the House, is not here, because I should have liked to be enlightened on the point which has been raised by two of our Honourable colleagues, namely, that nominated Members have got no option but to vote for the Government. I should like to be enlightened on the point. I am sorry I do not find Mr. Emerson who would have deputised for the Leader; because he is the great authority on all matters at variance between Government and Indians. The point is whether nominated Members are nominated to the House to represent any interest or whether they are expected simply to come here and vote for the Government. I thought that was the duty of the Government official benches. We never expect them to look into the merits of the thing; we know that they are here for this purpose.

(At this stage the Honourable Sir Brojendra Mitter took his seat in the Council.)

Now that the Honourable the Law Member is here, may I repeat my request, Sir

THE HONOURABLE THE PRESIDENT: I think the Honourable Member might continue his speech.

THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM: As far as that point is concerned, it is finished, but I should have liked to have a reply.

Now, as regards the customs revenue, which the Honourable the Finance Member is expecting, he has taken into account the increased duty and 25 per cent. surcharge, but he has not taken into account the equally effective factor of 22 per cent. reduction in the gold value of the rupee. It is such an enormous thing and such a weighty item that in the face of its disregard, I do not think it can be claimed with any justice that these estimates are reliable to any extent; they might fluctuate either to the betterment or to the worsening by considerable sums. Our income expected from customs increase this year is 4·85 crores. Here I must recount a fact which may interest the House. When the first Bill was on the anvil in the other House, an elected Member, a lay Member, made a prophecy that the Honourable the Finance

Member instead of realising 136 crores for which he had budgeted would realise 125 crores. Strangely enough I find that, according to Mr. Denning's memorandum, we are going to realise this year according to the revised Budget only 125.91 crores, which means that the lay Member of the Assembly went wrong to the extent of less than .8 per cent., while the Finance Department with all its paraphernalia of Secretaries, Under Secretaries and functionaries *ad infinitum* went wrong by 8 per cent. The aim of the Honourable the Finance Member for the betterment of the yield from customs would have been served without imposing a surcharge by the decrease in the gold value of the rupee which has increased our customable value of all the articles; on 70 per cent. of articles certainly which come from countries outside the British Empire, and on 30 per cent. probably from the British Empire; because it is a well known fact that reduction in the gold value of the currency always increases the internal prices. English things would have increased in prices, and we would have got the increased customs duty. Our end would have been served, simply by devaluation of the rupee; and there was practically no need for imposing this surcharge. I will make this point clear by stating that the landed cost of 100 dollars worth of goods in February used to be something like Rs. 270, plus the 15 per cent. general tax or Rs. 310-8-0. The customable value of the same article today has already increased to Rs. 360. In addition to that the 15 per cent. duty was increased by 5 per cent. by the first Finance Bill this year and it has been increased by 5 per cent. again by the second Finance Bill. We are going to have 25 per cent. duty on this article, so it cost $360 + 90 = \text{Rs. } 450$. So the landed cost of commodities in India imported from outside has increased by about 50 per cent. With the decreased purchasing power of India, which has been accepted by the Honourable the Finance Member himself to be very great, and which has been so ably dealt with by my Honourable colleague, Sir Akbar Khan,—it is high time that the Finance Member should not have imposed the surcharge. He cannot go on levying enormous duties by the simple expedient of increasing taxation. There is a limit at which people will give up buying things. I will just cite the examples of five items which are selected from the list, which prove conclusively that the law of diminishing returns has intervened and has taken away all the good of increasing taxation by actually making us lose enormously in customs duties. Spirits were expected to give 51 lakhs more than last year, but now we expect under it 70 lakhs less, which makes a net loss of 19 lakhs. Silver was expected to give us 75 lakhs more; we now expect to lose 100 lakhs; the result is a net loss of 25 lakhs. Cotton piecegoods were expected to give us 90 lakhs more, but we are going to lose 200 lakhs on that, so that we will be losing in effect 110 lakhs on that. The result of all these and other items is that instead of increasing the income from customs we are decreasing it. I draw the attention of the Honourable the Finance Member to the returns from customs duty in October, which is actually less than the income in October last year. Although you have increased your customs duty by the first Finance Bill and by the second Finance Bill, it is actually less than last year, and still you are budgeting to get a betterment of nearly 5 crores than last year. Our return for the seven months has proved that we have not yet come up to the actuals of even last year, and still we are trying to say that our Budget is balanced. As far as I can see I am more sure of there being a worsening to the extent of 4 crores than a betterment of 4.85 crores that you expect. You have so increased the customs duty that with the reduced purchasing power we are absolutely powerless to buy goods imported into

[Mr. Abu Abdullah Syed Hussain Imam.]

India. Here I should like to say something about another statement which the Honourable the Finance Member made in the other House, that the reduction of imports will increase our balance of trade. A statement of this sort would have looked better if it had come from an ignorant Congress volunteer, than from a responsible and experienced financier like the Honourable the Finance Member. What is the fact of the matter, Sir? Last year, while our imports were higher than this year, our balance of trade for five months was 36 crores; this year our balance of trade for the first five months has come down to 9 crores with a reduced import. India's experience, with the exception of one year, 1920, has always been that an increase of imports has always been followed by increased balance of trade.

The Honourable Sir Arthur McWatters justifies the introduction of this Bill for 18 months on the ground that if he had not done this the customs income would have fallen because people would not have taken delivery of goods from the bonded warehouses. Well, I can only say that we never expected such statements from Sir Arthur McWatters. Customs duties are never imposed for any period: they are imposed not for 18 months or 12 months, but for all time, until you take them away. And the things you are going to impose for 18 months or 12 months are the income-tax and the postal charges and the salt duties. He has given no justification for them.

There is one thing more I should like to say, Sir, that after all this trumpeting and loud acclamation that we are going to have retrenchment and retrenchment, what is the result? We are going to have the magnificent sum of 90 lakhs by retrenchment this year. The idea of having a Retrenchment Committee originated in the mind of the Finance Member on the 28th February, 1931, but he did not take action until the end of May, when the first Committee was called into being to divide itself into 6 or 7 parts, and even those were not definitely asked to report sufficiently early to give effect to their recommendations this year. Most of the Committees assembled just prior to the Simla Session or during the Simla Session. I do not know who is to blame, whether we are to blame or the Government Departments which delayed their replies, because I did not belong to all the Committees. So I do not know what was the real cause, but most of the reports came into the hands of Government during the Simla Session and we had six months in which we could increase the burden of taxation by 5 crores, but in which we could not effect any economies. Why was this? That is the question. Was it because the Honourable the Finance Member, when he brought forward this Retrenchment Committee, was himself convinced that all avenues of reducing expenditure had already been explored? His idea was that this Retrenchment Officer, Mr. Jukes' report would show us where and why these expenses have increased and where they can be reduced. I was sorry to find that Mr. Jukes' report was more a justification for expenditure than a recommendation for reduction of expenditure. Because the Finance Department was so incessantly hearing the cry of Indians for self-government, they (the Finance Department) gave practical Swaraj to all the spending departments of the Government to do what they liked. Sir, the Honourable Sir Arthur McWatters, when he was introducing this retrenchment measure promised to this House that we would be consulted on any measures that were adopted, but we are sorry that we were never consulted on this measure and we have not been given any opportunity of

discussing these reports when they have been submitted. I should like, Sir, that during the next Session, the House might be given an opportunity to have a say on this matter. I am not positive that they have explored all the avenues because most of the reports were written in a hurried manner and without going deeply into the thing. Therefore, just as the Government explored those departments that have not been inquired into by the General Purposes Retrenchment Committee, and come to the conclusion that 142 lakhs could be reduced in these departments, just the same if the Government were genuine in their idea of effecting retrenchment they could have taken steps, just after the last Delhi Session, to find out where and what reductions can be made, and if they had done that we would not be here complaining of non-co-operation of the Government with the non-officials.

Sir, in England a deficiency of 74 million pounds was met by 22 million pounds reduction and economies. That comes to something like 30 per cent. of the deficit. In India we are going to meet this including the cuts in pay by 90 lakhs which is less than 5 per cent. This is the categorical difference between a country governed on democratic lines and a country that is a slave to others.

Sir, as far as this Finance Bill is concerned, the justification for extending its provisions for 18 months has not been shown. I called the attention of the Government to the fact that last year although we had a deficit of more than Rs. 12 crores we did nothing to meet that deficiency. This year I am very glad that the Government proposes to meet it. The only difference between us and the Government lies in the method in which it should have been met. The fact that the Honourable the Finance Member has to replenish his armoury every year with new and better-shooting guns to hit harder and to hit more people, is no argument for the necessity of maintaining this standard of expenditure. There is no doubt about the fact that our disbursements have not been appreciably increased from 1921-22, rather they have decreased. But the fact is, that the paying power of the people of India has been so far reduced that every year you have to get better and better arms to shoot more and more people—sometimes you are going to hit double the number of people whom you hit last year (in the case of income-tax, for instance). All this shows that the power to pay is reduced, and as a logical conclusion to that our disbursements too should come down. I am not going to touch on the reductions that ought to be made, because that has already to a certain extent been gone into by the Retrenchment Committees, and these are to be gone into afterwards, and we will most probably have a chance of giving our opinion in this matter in the near future. But I should have liked the Government to have been more willing to reduce their expenditure even in this year than they are going to do now. The way in which the Government has already treated this House with contempt has been again brought into prominence this year too. While the Members of the Assembly were called in to be consulted on the necessity of certifying this Bill, none of the Members of this House was deemed fit to be invited to the conclave, and why was this? Because the Government is sure of its strength and knows that it can safely disregard the elected Members of this House. This is an object lesson to us and we will know how to treat those who are not powerful enough in the next constitution.

THE HONOURABLE MR. Y. RANGANAYAKALU NAIDU (Madras: Non-Muhammadian): Mr. President, I rise to enter my strong protest against the manner in which the Government have brought in this Supplementary

[Mr. Y. Ranganayakalu Naidu.]

Finance Bill in its present certified form. Sir, the present Legislative Assembly is well-known for its moderation. They have never obstructed the Government for the sake of mere obstruction. They have never been irresponsible. They cut down only 4 crores out of 22 crores demanded by the Government. The Honourable the Finance Member was not satisfied; he wanted his pound of flesh. He has got the Bill certified. Sir, the Legislative Assembly merely did its duty in rejecting the entire Bill. As elected representatives of the people, they could not allow the Legislature becoming a complete farce.

Sir, one wonders what the Government is going to gain by this arbitrary action. The Legislative Assembly is discontented because its moderate cuts were not given effect to. Resentment against the Government is daily growing stronger in the country. Loyal citizens are slowly being driven into opposition against the Government. In the present state of all-round economic depression the Government will not realise the amounts anticipated under most heads. They may get 4 crores less than what they expect. Revenues will fall when there is popular discontent. The Government could have been more sure of their revenues if they had respected the verdict of the Assembly and they would have retained the good will of all law-abiding citizens.

The Honourable the Finance Member intends to improve the financial credit of the Government by carrying through this Bill. But I ask him, "Will this certified Finance Bill assist the Government in achieving this aim?" The financial credit of any Government will stand high or low in the estimation of other countries, according to the degree of popular support at its back. It follows, Sir, that the credit of the Government of India will rise or fall to the extent they retain or lose the confidence of the Indian nation, speaking through its representatives in the Legislature.

Sir, it is my duty to tell the Government in plain words what the people think about these measures of the Government to balance the Budget. The nation believes that the Government have been, and still continue to be, very extravagant in their expenditure. They are not very wrong in that belief. The Indian Civil Service is the costliest, while the people of India are known to be the poorest in the whole world. Our Army eats away an unduly large proportion of the national income. The Government pursues a currency policy which is often against the interests of the country. Our surpluses in prosperous years are utilised for increasing the salaries of already overpaid officers or they are wasted in exchange gambles. Sir, the people very strongly resent the extravagance and the wasteful expenditure of the Government.

Our objection to the present measure is mainly based on two reasons. The first is that all possible economy has not been effected; the second is that the additional taxation is too great a burden on the people when compared with the very little retrenchment effected. The general impression is that the Government have been very half-hearted in carrying out economies. They have stated that retrenchments would be of a temporary nature but have remained silent regarding their intentions about the additional taxes. Our uniform experience has been that any tax, once levied, is never given up by the Government. I think I can take it for granted that these taxes are intended to remain permanently as a burden on the people, emergency or no emergency. Sir, we have an additional misgiving. We

fear that the Government might stop their efforts at economy as these fresh supplies are voted, and go on merrily spending as before, without any thought for the future.

Besides being an additional burden on the overtaxed people, many of the new taxes seem to be positively injurious to the best interests of this country. They fall within no well-known principles of taxation. Let us take the duty on imported machinery. It will be a very severe blow to the growing industries of this country. Instead of aiding the development of the country's industries and thus creating a source of greater potential income in the future, the Government is trying to kill the goose that has been laying golden eggs. The Fiscal Commission condemned a duty on imported machinery as utterly unsound, even as a temporary revenue measure. Yet the Honourable the Finance Member brings in this clause, certified by the Viceroy, with supreme indifference to all the arguments raised by the Opposition and unmindful of the verdict of the Legislative Assembly.

The import duty on cotton is another blow aimed at the Indian textile industry for the benefit of Lancashire. Not content with the preference already enjoyed by the British producer by the linking of the rupee with the sterling, the Government are trying to give further help to Lancashire by this duty on imported cotton.

The increase in postal rates is another objectionable item. The poor man's salt is heavily taxed and he is now denied the benefits of a cheap postal system. The Government might perhaps get some more money but the agriculturist and the labourer will lose the advantage of a cheap postal service.

The lowering of the taxable minimum for income-tax to Rs. 1,000 is another measure against which I protest strongly. The Honourable Member for Finance, defending this measure in the Legislative Assembly, stated that this was justifiable in view of the great fall in the prices of commodities. Sir, at the time of the Budget in last March, a demand was made that the salaries of the superior services should be reduced. Then the Finance Member replied that there had been no fall in prices to justify that step. When it is a question of the pay of superior officers, prices do not fall. But when the Government want to touch the slender purses of the subordinate officers and clerks, who are all Indians, the Finance Member gives facts and figures to prove a phenomenal fall in prices. Sir, I strongly object to lowering the taxable minimum for income-tax.

The Finance Member says that he wants all this money for the sake of a balanced Budget. Will these taxes balance the Budget this year, or next year? No. We cannot have a balanced Budget for two years more. I would also ask, "Where is the urgent need to balance our Budget now?" We were having a series of deficit Budgets for many years following the Reforms. Then we had successive surplus Budgets. India suffered no loss of credit during those years of deficit. The heavens did not fall at that time. What will be the serious consequences to India if the Budget is not balanced to-day by this certified Finance Bill? Why should not the Government wait patiently for a while till the present world depression lifts? No Government in the world has attempted to balance its Budget by such heavy additional taxation for a short period of emergency. The British Government was borrowing for many years before it thought of

[Mr. Y. Ranganayakalu Naidu.]

additional taxation. When the position grew very serious, they first made drastic retrenchments before levying any new taxes. The Finance Member wants us to vote for new taxes even before all possibilities of retrenchment are explored.

I shall admit for a moment the necessity of balancing our Budget. But, Sir, I suggest that the only remedy lies in all-round economy. A very great cut should be made in our military expenditure. It is my firm conviction, Sir, that no one can balance the Budget of the Government of India, not even my Honourable friend Sir George Schuster, unless the expenditure on our White Elephant, the Army, is cut down to its pre-war level. If it is true that our army is not one of occupation, if it is also true that it is not maintained solely in the interests of the Empire but is intended only for the defence of our frontiers, it should be possible to reduce our fighting forces and with that our military expenditure to a very great extent.

Sir, the people of India agitated long for a Reformed Constitution in the Government of India. The present Legislature was the I.M. outcome of that agitation. The country expected certain benefits from the reformed Government. Among other things they also expected some lightening of the high level of taxation. What has happened since? Has life been made more easy for them? No, Sir. Government expenditure has increased by leaps and bounds. Taxation has gone up very much beyond the level of pre-Reform days. Sir, the nation asked for bread. Would I be wrong in saying that they got a stone instead? Taxes have been piled upon taxes; and the present Finance Member has beaten the record of his predecessors. Yet, like Oliver Twist, he is asking for more, but without any of that poor boy's excuses.

(At this stage the Honourable the President vacated the Chair, which was taken by the Honourable Mr. P. H. Browne.)

I make one appeal to the Government. Sir, they are irremovable by Statute; but I request them to feel and act just as if they were representatives of the people, dependent upon the vote of the Legislature. We are all having hopes of a responsible Government in the Centre, in the near future. Let the actions of the Executive approximate to that of the responsible Government to which we look forward so eagerly. In the goodwill of the people alone will lie the strength of the Government; only by winning the confidence of the nation will their financial stability and credit be made secure.

Sir, when a Government is totally unmindful of the wishes of the people, the Legislature must refuse supplies. This course is perfectly legitimate and it is the only constitutional method by which the representatives of the nation register their protest against irresponsible Executive action. Under the present constitution, however, the Government would be totally unaffected. They may carry on by means of certification. But I again repeat my warning. They can never balance their Budget by certified taxes; nor can they keep up their financial credit in the markets of the world.

Sir, with the fullest sense of responsibility I decline to assist the Government in carrying this certified Bill into law; and I call upon all the Members of this Chamber to assist me in rejecting it.

THE HONOURABLE SARDAR SHRI JAGANNATH MAHARAJ PANDIT (Bombay: Non-Muhammadan): Sir, one cannot approach the consideration of a Bill like this without a heavy heart. For, whatever the financial needs and difficulties of Government, the consequences of this Bill passing into law will be obviously disastrous. On the other hand, it is equally clear that without the Legislature granting supplies, as have been asked for, it is impossible for Government to carry on. It is a perfect dilemma for those who on the one hand are prepared to appreciate the difficulties of the Government, yet are quite alive to the position created by the enormous schedule of fresh taxation. I remember to have read the speech of the ex-Finance Member who, in his last Budget speech in 1928, claimed to have left the finances of India in India and her credit abroad on a sound footing. But Nemesis is always alert and whips those whom it wants to punish with scorpions. The Government of India, for whom the Honourable the Finance Member made that brave speech, is soon after face to face with a situation, the irony of which Government themselves have been feeling deeply as a reactionary humiliation. For where is that soundness of the financial condition in India or that credit for solvency abroad? It may be said that if India has stepped into the vortex of a crisis, she is in very good company, namely, that of England. But that is no justification for the present staggering imposition of taxation in India. England is so self-content and financially strong that she may be trusted, if need be, to fight with any big power that may threaten her financially. But that is not the case with India, nor can that be a reason for India being tied to the tail of England and being dragged along with her. This companionship of India with England in the present financial misfortune or the heroic war that England may be waging against it, only reminds one of the fable which I read in one of my school books about the giant and the dwarf. The pegging of the rupee to sterling and not to gold, nor to any ratio that it may be automatically reached, if left to itself, only means that England should have all the advantages and India all the disadvantages of the renewal of a wedlock, which was pronounced to be harmful to India by the last Currency Commission. But I must return to the Bill itself, and I have no hesitation in saying that with such a Bill the Honourable the Finance Member cannot face us with a mind at ease, for he must be knowing in his heart of hearts that he is doing a grievous wrong by this Bill, and particularly by some of its clauses. I do not complain so much of the surcharge on income-tax on high incomes of very rich people, but I would certainly disapprove of the lowering of the exemption level for the purposes of income-tax assessment. The increase in the postal rates is a burden that would heavily and directly fall upon poor people, who are moved away by necessity of employment from their homes, and whose only consolation is to send and receive an occasional letter from their relatives at home. The increase in the postal charges hits grievously the poor literate man and the small business man, for whom the Post Office has so far proved a real benefactor. The schedule of import duty also goes against the claim of Government, for their watchfulness of the interest of the masses. Then again it may be said that Government servants have been put into the same boat with the ordinary tax-payers, in that a reduction has been proposed in their salary, but, here again, the proposals cannot be regarded satisfactory, inasmuch as only flat ratios have been proposed and no discriminating sliding scales that may show some special consideration to the poor servants. I do not want to prolong the agony

[Sardar Shri Jagannath Maharaj Pandit.]

of this Bill; also, I have tried my best to enter into the spirit of the speech made by the Honourable the Finance Member in the other House in winding up the debate on the consideration of the Bill. But I am left unconvinced on certain points by that speech as well as the speech with which the Bill has been ushered into this House. If therefore I do not oppose the consideration of this Bill, my attitude till then is not to be interpreted as one of approval.

The Council then adjourned for Lunch till a Quarter to Three of the Clock.

The Council re-assembled after Lunch at a Quarter to Three of the Clock, the Honourable Mr. P. H. Browne of the Panel of Chairmen in the Chair.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab: Non-Muhammadan): Sir, we find that this Bill which was recommended by His Excellency the Viceroy to the Legislative Assembly and was thrown out there is now before this House, having been certified by His Excellency. Rumour was afloat the month before last that the Secretary of State for India has instructed the Government of India to adopt this line of additional and fresh taxation and to recommend and certify the Finance Supplementary Bill in case necessity arose and not to accept any amendment whatsoever which may be made by the Central Legislature. It is also said that His Excellency the Viceroy liked to accept the cut of about 4 crores made by the Legislative Assembly, but the Secretary of State forced his hands not even to accept a single cut carried in the original Bill. I would, Sir, under the circumstances request the Honourable the Finance Member to throw some light as to how far this rumour is correct. Silence from him on this point will, and I think is bound to be, misunderstood by the public. We, Sir, who have been elected to the Central Legislature to represent the tax-payer and the public, offer criticism to the best of our ability in the best interests of the country. At a time when the constitutional reforms are on the anvil and when trade, commerce and industry are at their lowest ebb, when agricultural incomes have gone down so terribly, when India is passing through an unprecedented financial stringency and grave economic distress, the new crushing taxation proposals by the Government have caused a storm of angry protest throughout the length and breadth of our country. Contentment and prosperity of the subjects is the index of soundness and stability of any Government. Live and let live is the best policy.

(At this stage the Honourable Mr. P. H. Browne vacated the Chair which was resumed by the Honourable the President.)

The fundamental principle of all taxation is economic recovery and unless that recovery is forthcoming through the improvement of trade, industry and agriculture, how can the proposed monstrous taxation be met? The Honourable the Finance Member by imposing this intolerable burden of taxation wants to prove to the world that India is determined to live within her means. Nobody can afford to live beyond his means; it may be a private individual or it may be a Government. We fully concur with the Honourable the Finance Member in this matter, but we entirely disagree with him in the remedies which he has applied to achieve this end

and the additional taxation which he has thus proposed. Government generally instead of cutting down expenditure, as is done by a private individual, are tempted to increase taxation to balance their Budget, or to live within their means. I am always for balancing the Budget, but not in the way in which it is being done now. It is a matter of fact, Sir, and I want to inform this House that the Government have been living beyond its means during the last five years. In 1927-28 the Budget was said to have been balanced, but on analysis a deficit of 2.22 crores was found. In 1928-29, which closed with a deficit of 32 lakhs, the deficit in reality was found to be 1.06 lakhs. In 1929-30, when the Honourable Sir George Schuster took over the reins of the financial control, there was a surplus of 27 lakhs on paper, but on scrutiny a loss of over 1½ crores was found. In this calculation I have not taken into account a windfall of 1½ crores which came from German liquidation accounts. In 1930-31 the Legislature passed extra taxation of 5 crores, yet the account of that year disclosed a deficit of 12.68 crores. In 1931-32 additional taxation of 15 crores was sanctioned and still there is a deficit of 19.50 crores to be met. The Honourable the Finance Member has within the past three years of his regime put on a further burden of taxation on this country to the extent of 42.31 crores, whereas the tax revenue has been only about 76 crores in 1929-30. If all the new taxation proposals are accepted it would mean that in the year 1932-33 we would have added 35 crores of extra taxation over and above what it was in 1929-30.

As far as the Army expenditure is concerned, I am grateful to His Excellency the Commander-in-Chief who has effected a saving of 4½ crores in the Army Budget in this year. But, Sir, this amount is too meagre considering the present abnormal situation. The Army in the time of Lord Ripon was stabilised and budgeted at 17 crores. In 10 years thereafter the Army Budget rose to 21 crores. For this Afghanistan was blamed and for that reason 10,000 European and 20,000 Indian troops were added to the strength of the then Army. Thus the expenditure rose to about 26 crores and right up to the War in 1914 the expenditure increased to 28 or 29 crores. After 1914, during the three years of war, Army expenditure swelled up to 68 crores and since then it has been slowly coming down and I understand His Excellency the Commander-in-Chief has been good enough to reduce it to 46.65 crores this year. Now, Sir, in case we compare the Army expenditure of India with other countries, we find that the Army expenditure in the Dominion of Australia is 2.4 per cent. of the revenues, in Canada 2.9 per cent., in the Irish Free State 7.2 per cent., in New Zealand 3.9 per cent., in South Africa 2.4 per cent. While in India, Sir, the percentage of Army expenditure is 62½ per cent. in case the Central revenues are taken, and about 30 per cent. in case the total revenues of all the provincial administrations are taken together. This percentage, Sir, is very high and it must be reduced. It may be said, Sir, that in India the situation is different. There are bigger frontiers to protect and so on and so forth. I take, Sir, the instance of Canada, which has a very big frontier towards the United States. When Canada can safely live on a much smaller expenditure, why cannot India do so? Military expenditure in India is two to three times as great as that of the whole British Empire outside Great Britain. The reply may be given that there the country is on good terms with its neighbour. As far as India is concerned, Sir, in the pronouncements which are made from time to time in the Central Legislature by His Excellency the Viceroy, it has always been declared that

[Rai Bahadur Lala Ram Saran Das.]

the relations of India with its neighbouring powers, it may be Afghanistan, it may be Persia, it may be Siam or China, have always been very friendly and that things are going on very smoothly. What we find in America and Europe, Sir, is that a disarmament policy is in swing. I know, Sir, from the information at my disposal that as far as India is concerned all the neighbouring States are very friendly to it and there is no danger of any breach of the peace from them. Therefore, Sir, I would respectfully request His Excellency the Commander-in-Chief to go into the matter of Army expenditure deeply and to effect some further reduction in Army forces to save India and the poor public of India from the burden of this heavy taxation. We are informed by the Honourable the Finance Secretary that every effort has been made to effect retrenchment in expenditure and that was probably the maximum to which the Government could go. I with due deference to him differ from him in that respect. We are all grateful to His Excellency the Viceroy for the noble move that he made in accepting a voluntary cut of 20 per cent. on his salary. We are also obliged to the Members of the Executive Council for the arbitrary cut, though smaller, that they have made in their salaries. But while the Government is advocating a uniform cut of 10 per cent. on all services, its chief services have not followed the noble lead of His Excellency the Viceroy but they have for themselves inaugurated a lower and a differential and graduated scale of cut in their salaries and allowances. I feel, Sir, that when the initial salary of the chief services of India was fixed in the times of the East India Company, in those days the officers of the Company used to do business in addition to their official duties and their business profits were added to the salaries. That was the reason, Sir, that the salaries were fixed so high

3 P.M. in India since that tradition goes on and the salaries have gone on swelling. From the figures that we have before us, Sir, we find that in India the Services are being paid on a far higher scale than in any other country in the world. Now is the time that they should be revised and lowered considerably. Sir, in case we compare the retrenchment that has been effected in England we find that most of the deficit has been met by the retrenchment effected and a very small percentage of additional taxation has been adopted. In England, Sir, the cut in ministerial salaries below £2,000 per annum has been fixed at 10 per cent.; the cut on salaries of £2,000 to £5,000 per year has been fixed at 15 per cent., and for salaries of £5,000 and over the cut has been fixed at 20 per cent. If we take the Commonwealth of Australia, we find there that on annual salaries of one thousand pounds and under a 20 per cent. cut has been made; on yearly salaries of one thousand to two thousand pounds 22½ per cent. and on salaries of two thousand and over, a cut of 25 per cent. has been effected. In India, Sir, this matter has been taken very lightly and notwithstanding the recommendations of the various Retrenchment Committees the Government has not seen its way to accept their recommendations in full. I wish, Sir, that in this time of emergency all Imperial Services will answer and come to the call of His Excellency the Viceroy and accept a higher cut and make a bigger sacrifice which they can well afford.

Sir, we find that, as far as the Budget proposals are concerned, the Government of India has followed the example of the Government of Great Britain in putting before us taxation proposals for the next 18

months. But in all other respects they have not followed the line of policy adopted by that Government. What we find, Sir, is that in Great Britain to meet this worldwide distress the so-called free trade for which England was famous has been thrown overboard and protective duties to the extent of cent. per cent. and more are being imposed. The present Secretary of State in reply to a question in Parliament admitted that the duties on raw cotton and machinery in India which were freshly proposed gave protection to the British industry. I will not deal with these duties now because when my amendment on the subject comes up I will have time then to put this case well before the Council. But, Sir, one thing I want to impress on Government and that is that, while the British Government is taking every step to foster its own industries in India, I am afraid, that effort is not being made. Agriculture has already gone to the dogs. Industry and trade have gone to the wall. The bank rate is being maintained at 8 per cent. though the inter Bank rate is $5\frac{1}{2}$ per cent. The Government is borrowing loans for short periods in the form of Treasury Bills and recently this interest amounted to something over 8 per cent. At this time, Sir, when the bank rate is being forcibly maintained at 8 per cent., which to the ordinary public and to the ordinary agriculturist or merchant means something like 10 per cent., do you think that industry, agriculture or commerce in India will improve and thrive? The big rate of interest, the tariffs, the currency and exchange policy and other factors combined prove that in India no heed is paid to the fostering of industries, no care is being taken to find employment for the unemployed, and that the tariff walls are being so constructed as to put to a great loss or to particularly injure one of the chief or many of the chief Indian industries. As far as unemployment is concerned, this question was taken up in the Central Legislature as well as in the various Provincial Legislatures. Committees and Commissions were appointed to go into the question and to solve it. The recommendations of those Committees came in, but by the time they were to be considered, this bad time came in, and the result was that owing to obvious reasons more than a million people have been thrown out of jobs as compared with the last two years. In England a dole is being given to the unemployed, but here nothing is done to save them from starvation. I wish that when Government says that they want to take care of their subjects, that care ought not to be merely from the lips but should be shown in action as well. The time has come when we find our pockets almost empty. We cannot pay the land revenues; we cannot meet the present taxes. I am not one of those who opposes Government in season and out of season. I want to impress upon the Government that the breaking point has been reached in taxation, and that the proposed taxation will greatly add to the unrest in the country. I do not know where it will lead to. It is all right to propose taxation for 18 months. But I want the Government to kindly bear in mind and see what the actual condition of the people will be after six months. In case they find that the people can somehow bear this taxation, then they can consider their proposal to carry it through for another year. But in case they find that many of the firms are going into liquidation and many of the zemindars are going to the wall—there have been instances in the Punjab where many people of good repute owing to distress have left their homes and cannot be found. This is a novel experience in my life. I have been in business, and have seen people gone bankrupt, people have met with difficulties, but I have never heard of people leaving their homes and they cannot be found. We know great financial stringency does exist. In these hard times the Imperial Bank of India has

[Rai Bahadur Lala Ram Saran Das.]

circularised that advances against Government paper cannot be guaranteed. There can be no doubt, Sir, that in the public mind this notification has caused alarm and led to the belief that Government paper is not worth keeping any longer as a liquid security. People who invested their money in Government securities have already suffered very heavily. Some of the papers have gone down by 50 per cent. in their face value, particularly the $3\frac{1}{2}$ per cent. and 3 per cent. securities. As far as my information goes, leaving aside internal finance, over Rs. 100 crores of capital is sunk in financing trade and commerce by the chief banks, and 1 per cent. addition in the rate of interest means Rs. 1 crore, and 2 per cent. means Rs. 2 crores. I must say that unless the Government comes to the rescue of the people in India and finds some other avenues of taxation, the present taxation will not be in the interests of the country.

I will now come to another point, namely, the patronage of industries. I wish the Honourable the Finance Member may see his way to give an impetus to industries. There is a rumour that the coal freights are going to be increased. That will be another blow to the industries. The industries employ labour on a very large scale, and in case industries do not fare well, it will greatly add to the already big number of unemployed.

As far as the new taxation is concerned, I would suggest that the Government of India might appoint a committee of business men and economists to go into the question of taxation, and in case they are also unanimous in their opinion that the country is not in a position to bear any higher taxation on the lines proposed, Government should meet the deficit by some reduction in the Army. With these words, Sir, I bring to the notice of the Government the great discontent that prevails in the country on the announcement of this new taxation and oppose this Bill.

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI (Madras: Non-Muhammadan): Sir, in rising to speak upon the financial situation I have to express a mixed feeling. India is passing through an unprecedented financial depression. This depression is no doubt common to this as well as other countries but the Government of this country do not seem to have realised to the same extent as other Governments have done, the amount of retrenchment that could be effected. The moment the depression was felt, all other countries of which we have information took the earliest step of reducing their expenditure, but in this country retrenchment has not followed as quickly as one would wish. Nor have the retrenchments effected been satisfactory.

Thanks to His Excellency the Commander-in-Chief, there was some reduction in the military expenditure but I do not think it has been satisfactory to the general public. A greater saving could have been shown than the Government of India anticipate. I no doubt fully appreciate the difficulties and I also appreciate the sympathetic manner in which the Military Department have approached the subject, but to most citizens what really matters is the result of Government's efforts, and these have not been very satisfactory. A thorough examination must soon be undertaken with a view drastically to cut down the Army expenditure, and the reduction must be made without any delay. If, in spite of it, more funds are required and if it is absolutely necessary, I for one

would agree to increased taxation. What I object to is taxation for the purpose of meeting unnecessary expenditure and not necessary expenditure of the Government.

Even as regards taxation, the proposals of the Government of India as at first made were wholly inappropriate. All classes of the community were against the proposals and in this connection I must draw pointed attention to the opinion of the Madras European Association which while expressing themselves against the new taxation proposals were wholeheartedly in favour of a drastic cut in expenditure, especially military expenditure. There was a good deal of force in their argument that out of the expected deficit only one-third was sought to be met by retrenchment while two-thirds was sought to be met by new taxation. They also pointed out that although several subjects had been transferred to responsible Ministers in the provinces, the expenditure of the Central Government in respect of those subjects had actually increased since the Reforms.

I have got now to protest against the increased postal rates or the lowering of the minimum of the taxable limit for income-tax. But I am strongly against the surcharge on the income-tax and the super-tax. It is little realised that the causes that led to these proposals for increased taxation are exactly the causes that have affected the persons on whom the incidence of such taxation would fall. They have been hard hit by this trade depression and while that is so, they have been very little benefited by the reduction in the prices of commodities. If you take the budget of a person drawing an income of Rs. 1,500 you will find that his expenditure upon pure articles of foodstuff is comparatively little and that his saving on account of the lowering of the prices of foodstuffs is practically nothing. At the same time his income has gone down and you now propose to increase his taxes. I would put in a plea for the abolition of the surcharge upon the income-tax and the super-tax. I am not also very much in favour of new import duties. The result of these duties in the long run would be to depress trade, and all our efforts must now be made for the purpose of expanding and stimulating trade and not to still further depress the same.

In this connection, may I raise my protest against the policy of sending out a large number of Government servants on the plea of retrenchment and thereby swelling the army of unemployed. I have no objection to persons who have put in a particular number of years of service, say '25 years' service or 20 years' service, being compulsorily retired on payment of a pension but to send out men in permanent or in temporary employment to drift for themselves in these days of universal depression, is not only to add to the amount of discontent which already exists in the country, but also to diminish the purchasing power of the community. There is no possibility of these men getting employed in any department of life outside Government service. The result of their discharge will be that the prices of articles would go down still further and there will be still greater depression in trade, and the Government of India will be faced with a more serious problem next year. I would, therefore, suggest that while the efforts at retrenchment should take the form of reduction for existing men of salaries and the lowering of the rates of pay for new entrants and retiring for the purposes of facilitating the employment of new entrants on lower scales the officers who have put in long service, I am against the abolition of posts and sending out young and middle-aged men from

[Diwan Bahadur G. Narayanaswami Chetti.]

Government service. It acts as a serious slur upon the stability of Government service and also causes great sufferings to the individual officers who are thrown out of service.

While these are my views generally upon the financial proposals of the Government, I fully realise the gravity of the situation and will not embarrass the Government by voting against them. I would wish them good-luck and hope that better times would enable the Honourable the Finance Member to come forward at no distant date with fresh proposals which will take us back to the good old times.

With these few remarks, I support the motion.

THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK (West Bengal: Non-Muhammadan): Sir, it is very unfortunate and, at the same time, a matter of great importance to us, Members on this side of the House, that we are again confronted with a certified Finance Bill. The other House has failed to pass it and we, like good boys, should swallow the sugar-coated quinine pill so wisely administered with motherly care by the Government, so that the Budget may be balanced. Come what may, the Budget must be balanced. Between the announcement of the emergency budget proposals and our discussion thereon to-day much water has flowed under the Jumna bridge. We have had an opportunity to observe and scrutinise the effect of the new proposals on the country's trade, finance and industry during the interval of two months. It has been altogether an interesting period for study, especially as the several markets have been exposed to two important and far-reaching influences, namely, the depreciated rupee and the enhanced customs duties. In fact, it is not possible to understand the present budget unless the point of view taken is that of the combined effect of the lower rupee and the higher customs.

Sir George Schuster, at the very outset, said in his speech that the plans he submitted to the Central Legislature had to be made under somewhat unusual and difficult circumstances, and that the difficulties were, in large part, due to the change which had come upon our currency position as the result of the divorce of the rupee from gold and its linking only to sterling. May I submit that far from any arduous problem arising from the change in our currency position, this has been a factor which has already resulted in such favourable developments in the Indian monetary and trade situation that one might as well ask whether it was after all necessary to base the budget estimates for the next 18 months on so gloomy a basis as the Finance Member has assumed? I am quite prepared to concede that at the time when the Finance Member made his calculations, formed his ideas and adumbrated his plans, there was certainly ample justification for taking an extremely pessimistic view of future developments. So far as India is concerned, it is gratifying to be able to record that pessimism has tended to melt into thin air, and there is to-day some mild optimism. There is certainly a new confidence in business and financial circles, and I shall, therefore, try to study the budget proposals from this new standpoint. Is the Budget, as it is now presented to us, calculated to transform this bud of optimism into a full-blown flower? If these proposals are put into effect, will this new confidence grow more and more?

Let me at once express my firm conviction that the Finance Member can only propose budgets, but it is the developments in the Indian trading and financial world which have the final disposal of the Budget. It is in Sir George Schuster's own interest to see that the developments in this regard are of a favourable character, so that his revenue realizations should not prove under-estimates, as has been the case in reference to the last two budgets, but a definite over-estimate. Brisker trade, larger margins of profit, increased purchasing power of primary producers, less worries in regard to Government's borrowings, less complications in regard to their sundry operations in the money market—these are the factors which should have a definite and marked effect not only on the ways and means position of Government but on current revenue and expenditure. Most of our troubles in the past five years have been due to operations connected with the discharge of the statutory obligation as regards the ratio. The period, in which these obligations had to be discharged, was marked by a decline in the favourable trade balances and by a heavy flight of capital from India; that is, exchange was let down badly by those influences which, normally speaking, should have lent support to the rupee. When this natural prop was thus withdrawn, it became necessary to bolster up exchange on the artificial prop of monetary stringency. Thus did the Government become wedded to a policy of tight money, not because there was any demand for money, but because they were driven to it by their obligation to maintain the ratio.

Tight money, as an official policy, meant a higher bank rate, colossal contractions of currency, draining of market funds by frantic borrowings on Treasury Bills at fantastic rates and the various other measures which, whether or not they had the desired effect of supporting exchange, have certainly had adverse effects on various other markets.

Dear money spelt disaster to gilt-edged securities. Prices in this section tumbled down so consistently and persistently for the last four years that investors found their capital cut into very seriously; insurance companies had to utilise a goodly part of their profits as provision for depreciation on their gilt-edged portfolio; the investing public lost all faith altogether in Government securities; and the Government were obliged to go on increasing their borrowing rate from year to year, so that this, in its turn, accelerated the decline in security values. Here was a case of a vicious circle of the gravest description. Government were, at least on two occasions, on the verge of a crisis in regard to their ways and means adjustments. Mr. Gandhi saved them on the first occasion by concluding the pact with Lord Irwin and thereby inducing the flow of funds from London for investment in short term Bills. On the second occasion, the devaluated rupee came as a ready friend; and the Government were able to tide over the crisis by expansion of currency, which was made possible by the lower gold value of the rupee.

Turning to the trade and industry section, monetary stringency was responsible for increased charges to the business community, with the result that profits were less, holding power was reduced and prices of all commodities were pushed down to low depths. Here also, the depreciated rupee has played an important part in causing some revival. The very fact that, on parity, rupee prices are now cheaper than gold prices has been responsible for a considerable appreciation in the former. The more liberal supply of currency as the result of the new policy to expand currency against *ad hoc* securities has also contributed its share to the improvement

[Mr. Satyendra Chandra Ghosh Maulik.]

in prices. In this description I have given I have shown how linking with 1s. 6d. gold caused a set-back in all the markets and how the abandonment of the link has brought about a considerable betterment in the situation. There are good reasons to believe that in the 18 months covered by this Budget, these favourable developments are likely to take a more definite shape and to receive greater momentum.

The effects of a lower rupee are the retarding of imports, a stimulus to exports, the emergence of a larger trade balance, protection of domestic industries, more favourable conditions in the money markets, less anxiety as regards exchange obligations and, generally, more freedom from those annoying influences to which money and trade markets were exposed owing to the deflationary operations connected with 1s. 6d. gold. These favourable factors have been further emphasised by the Ordinance to regulate remittances as the most important effect of this measure was to arrest the flight of capital. Even greater emphasis of these tendencies has been furnished by the Budget proposals now under discussion. Enhanced customs duties should certainly result in considerable diminution in imports and thus increase the chances of a more and more satisfactory trade balance in our favour. Domestic industries, under the two-fold protective influences of devaluation and higher tariff walls, should do better; and this should mean increased internal trade, larger realisation of income-tax and larger railway earnings. Confining myself to the particular aspects of devaluation and the new taxation proposals, I may, therefore, say that the gloomy picture which Sir George Schuster placed before us at the end of September may be proved by subsequent events to have been an unduly exaggerated emphasis on the dark side of things.

From the point of view of the Finance Member, it is quite possible that it was necessary to paint the picture in such lurid light; otherwise, the Legislature could not agree to so heavy a scale of taxation. It may also be that while the proposals certainly have beneficent effects on the country's trade and industry, they are, at the same time, apt to bring the Law of Diminishing Returns into operation and that, therefore, provision had to be made for this factor. We, on this side, are prepared to appreciate this point of view of Sir George Schuster. We believe that in regard to a very bad bargain, he has made the best of it.

It is, however, impossible to take an indulgent view of the way in which the Government have trampled under foot all the proposals of the Opposition in the Assembly. While I am prepared to agree with most of the new taxes; while I am not, on the other hand, prepared to agree to all the cuts proposed and carried in the Assembly, I should say with all the emphasis that I can command that the adamant attitude of the Government, "Not a rupee less, every tax must remain", is an affront to the country and reveals the utter unreasonableness of the authorities. Could not Government have yielded on one or two points and thus demonstrated that the voice of the people has been heard?

I would state my position simply in this matter. You say that the financial situation is grave; I agree. You say that in such an emergency, the country, as a whole, should demonstrate its readiness to undergo sacrifices; I agree. You say that tax-payers are to have further burdens put upon their backs; I agree. And you say, finally, that the higher paid officials cannot carry any more burden than the 10 per cent. cut, modified

and smoothened by the exemption in regard to income-tax. It is there that I cannot agree. You say that the military Budget cannot be further reduced. Here again I must emphatically disagree.

Indian finance, which has, as usual, offered the most penetrating and withal the fairest study of the Budget, pointed out that on February 28, 1930, Sir George Schuster, maintained that there was no room for any substantial retrenchment; and yet Sir George Schuster claims great credit for the work of the Retrenchment Committees. How is this statement of February, 1930, to be reconciled with the proud boast of November 1931? This, at any rate, should be a warning to the Finance Member that dogmatism of this kind should be avoided. I say, you should cut the salaries of the higher ranks; I say, you will have to reduce military expenditure. You may dogmatise to-day on these matters, but I venture to forecast that you yourself will come before the House in February and say that measures in these two directions are essential for the stability of Indian finance and the balancing of the Indian Budget.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD (United Provinces Northern: Non-Muhammadan): Sir, at the outset, I must give expression to my sense of deep regret at the fact that the Government of India did not see their way to accept the verdict of the Lower House in modifying, as it had done, certain taxation proposals contained in the Finance Bill, but again brought the Bill before that House the other day with the recommendation of His Excellency the Viceroy and Governor General that the Bill be passed in the same form in which it had been originally introduced, with the result that the Legislative Assembly thought it proper to reject the Bill. The Bill seeks to provide for an estimated surplus of 5 crores and 23 lakhs at the end of the next financial year and the amount of new taxation reduced by the Assembly came to about 4 crores only. Thus the Assembly's vote would still have resulted in an estimated surplus of about a crore. On the other hand, Honourable Members of that House did not stop at mere curtailment of taxation proposed by the Government but a number of them also suggested alternative proposals of taxation on the one hand and further retrenchment in expenditure on the other for balancing the Budget. But it is a pity that these suggestions did not find favour with the Government. Of course I appreciate the action of His Excellency the Viceroy in having taken into his confidence the leaders of the Opposition parties in the Assembly before sending the Bill back to the House for reconsideration. But the action of the Government in trying to force their taxation proposals down the throat of the popular House by asking it to pass the Bill in the original form against the declared wishes of the House and their latest action in placing before this House for passage the Bill as certified by the Governor General cannot but be strongly disapproved. And if the rumour which has been referred to by my Honourable friend, Rai Bahadur Lala Ram Saran Das, that there was the hand of the Secretary of State for India behind the action of His Excellency the Viceroy in this matter be correct, then there is all the more reason for such a protest from this side of the House. After all, Sir, the Legislatures exist to frame measures in the light of popular opinion and if the Government wish that these bodies should, so to say, only register the decrees of the Executive I fail to see the utility of these bodies and of spending a huge amount of tax-payers' money over them. By acting in the way the Government have done on this occasion I am afraid they have only given one more proof of the view generally entertained that the Government are still irresponsive to public

[Rai Bahadur Lala Jagdish Prasad.]

opinion and wish to rule the country despotically. Moreover, such actions on the part of Government tend to breed in the minds of the representatives of the public a sense of irresponsibility because they feel that after all the Government is not going to abide by their vote and must have its own way. This, Sir, is an unhealthy state of affairs and is bound to cause popular dissatisfaction, and rightly so.

Now, I come to the merits of this Bill. It is an admitted fact that India is the poorest country in the world and yet it is very heavily taxed. And now at a time when the country is plunged in the deepest depths of depression, when the future has been rendered still more uncertain by the sudden change in the exchange policy and when it is more evident than ever that it cannot bear additional burdens of taxation, the Government has come forward with proposals of further heavy taxation amounting to several crores of rupees, with a view to meet a part of the gaping deficit in the current and next year's Budget. The year 1930-31 closed with an estimated deficit of over 12½ crores. The estimates for 1931-32 showed that there would be a deficit of several crores. This gap was filled up with the aid of certain retrenchments in expenditure and increased taxes which were expected to yield over Rs. 14 crores. But the anticipations of the Government have been disastrously falsified and it is now expected that the deficit for the current year will be about 19½ crores, and during the next 18 months over 39 crores. So more crushing and sweeping taxation is proposed when only half the year is out. Sir, my fear is that the Budget may be balanced on paper, but by the time the next annual budget estimates are prepared it is likely to be found that the position has further deteriorated in spite of the new imposts, a number of which are extremely objectionable. Such is the abject poverty of the masses that the Provincial Governments are finding it extremely difficult to realise their land revenue and some of them have decided upon large remissions of rent and revenue. The unparalleled economic depression, which has now lasted over a year and a half and gives no indication of disappearing in the near future, has left prostrate the agriculturists, the zamindars and the business men. The Government itself has been finding great difficulty in raising the money it badly needs in spite of the most tempting rates of interest it has been offering. It is at such an inopportune time that the Government is seeking to further increase the burden of taxation. If the Government thinks that it will achieve financial salvation principally by piling up taxes it is to my mind living in a fool's paradise. Their failure in the past to produce more revenue ought to have conveyed a lesson and a warning, but it has not.

Sir, in my opinion, the further increase in customs duty will have the effect of diminishing imports. Owing to the linking of the rupee to a depreciated sterling whose exchange value has been violently fluctuating, the prices of articles imported from non-British countries will become prohibitive and if imports decline exports too are bound to decline. Not only is the increased import duty not likely to bring in the estimated return, but the further decline in exports is sure to have the effect of accentuating the internal depression. No doubt the Government may reap a harvest for about three months from the arrival of goods already ordered, but the uncertainty of foreign exchange and increased customs duty will operate as a deterrent factor in the placing of further orders abroad. This should in course of time stimulate Indian industries, I admit, but I fail to see how it will benefit the coffers of Government or those who have

been flourishing on the import trade. And if the volume of export and import trade declines, as I apprehend it will, railway traffic will also be seriously affected. The import duty of 10 per cent. on machinery will affect the import of textile machines and will thus retard the industrial progress of the country which is a desideratum in India and will ultimately affect the agricultural development also. The surcharge of one-quarter of the existing rate of excise duty on salt will affect the poorest of the poor, and particularly after the mighty protest of Mahatma Gandhi is likely to arouse a strong opposition and protest. The reduction of the exemption limit of income-tax and the surcharge on the existing income-tax will be keenly felt by those affected by it. The burden of income-tax has become almost intolerable and the further levy will be oppressive. As regards the postal rates the popular representatives have been pressing the Government to reduce them, but instead they are being increased. This increase will affect millions of people and at a time when money has become scarce is absolutely indefensible. Sir, by criticising these taxation proposals, I do not lose sight of the fact that the Budget of the Government must be balanced. Balance it by all means, but what I think is that it should be balanced mostly by retrenchment, and partly alone by such taxation as may not operate harshly on the people. For, so far as taxation is concerned, I maintain that it long ago reached the limit when the law of diminishing returns began to operate.

Now let me come to the retrenchment proposals. As regards the retrenchment in the salaries of Government servants, the cut proposed in the case of the highly paid officers is grossly inadequate. Of course, I acknowledge the noble example set by His Excellency the Viceroy in voluntarily surrendering 20 per cent. of his salary but I wonder why his noble example has not been followed to the same extent by the Executive Councillors and the Imperial Services. It is extremely unfair that, instead of a graded cut, there will be a uniform cut in the salaries of the highly paid as well as the lowly paid services of the Government. The bloated salaries of the superior services ought to be substantially reduced. Look at the state of things in Britain, where there was a much bigger deficit, but it was made up mostly by retrenchment and only partly by additional taxation. Not only has His Majesty the King voluntarily agreed to cut down his Civil List but the largest percentage of cuts is to be made in the salaries of those who are getting £5,000 or more. I do not think that such a crisis had ever arisen before requiring the cutting down of Ministers' salaries which, considering the standard and cost of living in Britain, are very moderate and in some cases inadequate. For example, to the best of my knowledge, the Prime Minister draws such a moderate salary that he is reported to be finding it difficult to make both ends meet, and I understand that there was a proposal only recently that his salary ought to be increased. What is being done in England has a lesson for the Government of India, for the financial position of the Government in this country, is in my view hardly less unsatisfactory than that of the British Government, and a number of our highly paid officers get much more by way of salaries, allowances, etc., than the British Prime Minister. In the United Kingdom there has been a graded cut in salaries and the income-tax incidence was not included there as here. My Honourable friend Lala Ram Saran Das has already related to the House how a graded cut has been applied to the salaries in England and I need not traverse the same ground again. In India, however, a cut of 10 per cent. only—a uniform and not a graded cut, mind you,—is proposed in the salaries of services here and that too inclusive of the proposed enhancement of income-tax,

[Rai Bahadur Lala Jagdish Prasad.]

This would virtually mean that those who are low paid will have a higher percentage of cut while those drawing fat salaries will escape with a smaller percentage of cut, or in other words, the more highly paid an officer, the less will be the percentage of cut in his salary. I ask, Is this just? Is this fair? Is this equitable? Why this differentiation, I ask? Why cannot your all-India Services who are handsomely paid, allow even this small cut of 10 per cent. without any deduction? Sir, so far as my information goes, in no other country in the world where a cut is applied is the income-tax or surcharge included. Apart from this, not even the costly Lee concessions are to be withdrawn which cost the country no less than about Rs. 1½ crores in 1930-31 alone. Then I consider the reduction of 4½ crores in the military expenditure as utterly inadequate. Is not the cost of the military services 87 per cent. greater now than what it was in 1913-14? As has been pressed elsewhere, this expenditure should be reduced by at least 10 crores. Why should not the Army be reduced? Why should not the pace of Indianisation be accelerated? I believe that the expenditure in Britain on defence has been brought down to the pre-war level. Is there any reason why the same should not be done in India? I am sure this will not in the least affect the security of the country or the efficiency of the Army. It will, on the other hand, obviate the necessity of further taxation. If after effecting all possible retrenchments in expenditure as suggested by the representatives of public opinion the Government still finds a gap to fill up, then I would advise it to explore the avenues of fresh taxation suggested by several non-official Members on the floor of the Legislative Assembly as well as of this House.

In conclusion, I appeal to the Government to pause and think before it is too late. Although the Finance Secretary has declared this morning that this being a certified Bill he will not be able to accept any amendments, I believe that it is yet time for the Government to come to a compromise with non-official opinion on some of the taxation proposals embodied in this Bill. Otherwise, Sir, all the discussion on the floor of this House will be futile. Pray, do not rule the country in a mechanical way as if the Government machine must move regardless of whether the people thrive or are ground down under its pressure. Let there be more of human touch about you, like the Government in England, when you are dealing with the masses sunk in penury.

THE HONOURABLE KUMAR NRIPENDRA NARAYAN SINHA (West Bengal: Non-Muhammadian): Sir, I beg to oppose this Bill. In my opposition to this Bill I am supported not only by the entire Indian public opinion but also by that of certain European organisations in this country. All taxation proposals are under normal conditions unpopular. It is no wonder, therefore, that during such abnormal times fresh additional taxes on all imported articles and a further increase of the inland postage rates will cause a great popular outburst.

While I fully appreciate the present financial troubles of the Government, I do not feel sure that they have already done everything possible to mitigate them. They have practically failed to get through their business in the matter with that broad outlook and far-seeing imagination that were so very imperative in solving such an unusual situation. Although the various retrenchment proposals recommended by the different committees do not themselves to my mind go far enough, yet even

such self-hearted recommendations do not seem to have been wholeheartedly adopted by the Government. A flat rate of 10 per cent. cut all round from top to bottom is not the fairest and best in the public interest as declared by the Honourable the Finance Member, although it might have been a simple plan. Notwithstanding what the Honourable the Finance Member has declared in his statement the proposed reduction in the unusually high military expenditure is considered quite disappointing. The retrenchment proposals for the civil administration do not satisfy the public either leaving yet an ample scope for further axing.

I may tell the House here that the Linlithgow Commission that investigated into the taxable capacity of the Indian people affirmed so many years back that the utmost limit had been reached so far as taxation of the people was concerned. Year in and year out Indian publicists as well as right-minded Britishers have warned against such an unwise and imprudent financial policy of the Government both in the Press and on the platform but the only reward that they have got for their such timely warnings has been more and more disfavour from the Government.

Sir, the proposal of import duties on machinery is against all the maxims of sound finance and healthy commercial policy. At such a time of acute industrial depression any duty on machinery from abroad will only increase the difficulties of the industrialists and handicap the expansion of industries. Further, Sir, the Indian Industrial Commission have recommended that the import of machinery from abroad should be wholly unrestricted.

Sir, the additional duty on salt will only aggravate the misery of the poorer classes, who are at the present moment virtually on the brink of literal starvation and threatening extinction. The proposal for the increase of the already enhanced inland postage rates on postcards and letters is not only an unsound proposition from the point of view of economics, as the proceeds are sure to be quite unproductive, but also morally unjust, as the Government themselves are the monopolists for the production and sale of those articles. I cannot conclude this point without observing here why the question of increase of the rates on foreign postage and telegrams has not been considered in this connection, because that was to my mind a productive source of revenue.

Sir, let me say in conclusion that I quite realise Government are undoubtedly in a sad plight because of a huge deficit and need additional revenue to make it up with a view to carry on normal administration. There are two ways by which they can secure such a revenue, namely, by retrenchment of the present expenditure and by taxation. As regards retrenchment the Government should effect most stern economies by reduction of pay, emoluments and allowances all round from top to bottom based on a graduated scale and natural considerations so as to revert them to the pre-war level. They should also inexorably reduce their bloated expenditure on the military administration, which swallows up more than half the revenues of the country and without an appreciable reduction of which there will never come about a true solution of India's financial deficits. As regards taxation which implies sacrifice on the part of the people, the people should not grudge to shoulder the responsibility in consideration of the present acute conditions of the country's finance, provided the incidence of taxation is not heavy, unnatural and unreasonable and the people are capable of bearing the burden, and the Government on

[Kumar Nripendra Narayan Sinha.]

their part make the people realise that they are also anxious to share their burden by stinting on the part of their officers and starving some of their departments.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY (West Bengal; Muhammadan): Sir, at the outset I must congratulate the Honourable Sir George Schuster on his sincere attempt at retrenchments and the cuts that he has effected, however much they have fallen short of our expectations. But at the same time I must admit that his proposed taxation is considered in this country as hasty and ill-considered, and I would like to offer a few criticisms thereon from the point of view of a popular representative of a large constituency in Bengal. Sir, the Honourable the Finance Member, while making a statement on the financial position of the Government, in September last, sounded a warning against an inflationary budgetary position resulting from a failure to balance current expenditure with revenue and insisted upon taking immediate steps to ensure a clear and solid foundation for our internal position. This is no doubt a very good policy to adopt. But let us see how the Honourable Member has acted up to his own preaching. The total deficit of the current year is expected to be 19.55 crores and a deficit of 19½ crores next year. To meet this huge deficit, he proposes a total of 90 lakhs by cuts and retrenchment during the current year and 8.90 lakhs next year, i.e., 9.80 lakhs in all in two years, and raises 24.31 lakhs by new taxes. When we remember that there was an additional taxation of about 20 crores in the last three years and 40 crores in the last ten years, this additional taxation of over 24 crores to meet the deficits completely, overthrows the theory of the Honourable the Finance Member so eloquently propounded to set his home right. The people are already heavily taxed, more heavily than they can bear—and there is widespread discontent in the land. And when the Congress delegates return from the Round Table Conference without their moon, this additional taxation would be a strong weapon in the hands of the Congressites to create a more distressing and critical situation. Retrenchment should be the watchword and not taxation. The Honourable Member has launched a taxing campaign without waiting for the full report of the General Purposes Retrenchment Advisory Committee and without accepting their interim recommendations. This Committee had recommended a cut of 1.31 lakhs in the first interim report, but the Government has accepted only a saving 1.01 lakhs. Another 30 lakhs cut would have proved the Government's solicitude for the starving millions of India, whom the Government say they have been so long representing. The top-heaviness of the administration has been the greatest clog in the wheel of Indian administration in which the Honourable the Finance Member and his worthy lieutenants are but the bewildering spokes. He has shown great courage but little foresight in bringing this Bill. Had he shown a little less courage and a little more solicitude for the terrible sufferings of the dumb millions, they would have acclaimed and hailed him as their saviour. But, Sir, the Honourable Sir George Schuster seems not to be paid for paying heed to the popular demand but appears to be paid by the Government of India to play the fiddle while Rome burns.

The so-called uniform cut of 10 per cent. in the pay of officers and establishment with more than Rs. 40 pay, is a misnomer, when the surcharge of income-tax is also included in it. He asks the country to accept

an uniform cut in salary as the plainest and necessarily the best. I accept it and I challenge him that the country will accept it provided you recommend an uniform cut in salary without mixing up the question of surcharge of income-tax in it. Sir, the surcharge on income-tax is to be paid by all irrespective of the fact whether he is a Government servant or a non-Government servant. The cry of the country is that the officials in India are paid more than any other country in the world. As such the cut in salary should in no case be mixed up with surcharge. I once more challenge the Finance Member to accept a flat rate of 10 per cent. exclusive of surcharge on income-tax. Sir, the civil estimates come to about 9 crores in round figures and a flat rate of 10 per cent. would give the Government 90 lakhs instead of the Rs. 35 lakhs that they are expecting.

4 P.M. Why should Government show sympathy for the higher paid officials against the lower paid subordinates. In effect, the proposed flat rate has worked out in a graduated scale—in the reverse order. Are the officers and establishments getting a uniform pay? Certainly not. Why then should there be a uniform cut? The lower paid officers, who know not what luxury is, who know not how to meet even the bare necessities of life, who find not money enough to give proper education, not to speak of higher education, to their children, who borrow money at usurious rates of interest to marry their daughters, who have no money to render proper medical aid in times of illness—these lowly paid officers are the worst sufferers under this cut. These cuts and retrenchments do not even touch the various costly concessions that are being enjoyed by the most highly paid officers under the Lee Loot, as it is called by my countrymen. If the Government want to introduce a principle of uniformity, as has been so bluntly advocated by my Honourable friend, the Finance Member opposite, why then this invidious distinction? Why then are their costly allowances not touched? Sir, it is a most iniquitous principle which the Honourable Member has propounded. The lowly paid officers are making such greater sacrifices under the Honourable Member's pet theory of nominal uniformity, but which in essence is a graduated scale in the reverse order, i.e., the higher the pay the lower the cut in the salary, as the higher paid officials will have to pay a higher amount by way of surcharge on income-tax. Here, Sir, I request the Honourable Members of this House to remember that though the Finance Member has repeated times without number that the Lee concessions are part and parcel of the pay of the Services, the 10 per cent. cut proposed does not affect these concessions. Why are not officers drawing huge pensions outside India made to surrender 10 per cent. of their pensions while poor clerks on Rs. 40 are made to suffer cuts in their salary?

Sir, from the first interim report of the Retrenchment Committee we find to our utmost surprise that the allowances and honoraria of the Survey of India Department alone amount to 7.16 lakhs, to 1.43 lakhs in the Geological Survey, to 7.05 lakhs in contingencies, supplies and services, and to 4.98 lakhs in the Mint Department. May I ask if it is fair and just to sacrifice low paid men while these luxuries are allowed by the Government. Sir, a grave charge appears to have been made by the Committee against the Government for not supplying the necessary information regarding "number of permanent and temporary staff", "pay proper", "special pay or duty allowances", "compensatory or local allowances", "house rent", "travelling allowances" and "total of pay and allowances" *vide* para. (17) at page 8 of their interim report. This non-supply of adequate information raises a strong suspicion in the minds of

[Mr. Mahmood Suhrawardy.]

the tax-payers, who are after all the real pay masters. Like the greatest of all English dramatists, Shakespeare, we may say, "There are more things in earth and heaven than are dreamt of" in the philosophy of uniformity in cuts. Officers that can be touched by the India Government must be made to forego all such superfluous amenities and as for others beyond their reach, the Honourable Members must take a firm attitude and recommend to the Secretary of State for India their withdrawal. The Honourable Member said that there was depression all the world over. Does it not follow that such world crisis demands the maximum sacrifice from one and all?

I now come to income-tax. The interim report shows a huge increase in expenditure as compared with that of 1913-14. While the estimated income of this year is 6 times the income of 1913-14, the expenditure has gone up by 16.6 times the expenditure of 1913-14. The percentage of expenditure to revenue in 1913-14 was 1.7, while this year it is 4.4. This is extravagance with a vengeance! Before my Honourable friend, the Finance Member, comes up to this Council with proposals of taxation, we want to see maximum retrenchment in this Department. The *bona fides* of the Government must be proved by abolishing the unnecessary posts as recommended by the Retrenchment Committee at page 12 of their report. Extraordinary scales of pay which are outside the regular scales must be abolished.

THE HONOURABLE THE PRESIDENT: The Council is not hearing anything of the Honourable Member's speech except the first few words of each sentence. He drops his voice at the end of the sentence, so that nothing whatever is audible.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY: All right Sir, I am trying to speak more audibly. On the other hand, the taxable limit has been reduced to Rs. 1,000. In a poor country like India, it is nothing but criminal negligence in not making the maximum cut and retrenchment in the most highly paid posts. This lowering of the taxable minimum is most unjust, inequitable and unfair to the lowly placed officers. All officers with a salary of less than Rs. 2,000 per annum should be exempted from the tax. If you tax us here, why should you not tax all salaries, allowances, pensions, etc., paid by India to people outside?

The salt tax is one of the most iniquitous and unjust taxes. There is hardly any country where this important commodity of every day life is so taxed. Why then should salt be taxed in this country alone? Sir, I have not words enough to congratulate the Honourable the Finance Member for the thoroughness with which he has exacted equality of sacrifice from all in the land. He has not only made every human being born in India contribute a portion for the maintenance of the State by means of this tax on salt, but he has even made animals useful to and kept by men for their own use pay their quota in this time of crisis. I am only sorry that the originality of conception is not his but has been handed down to him as a legacy.

Sir, it was in 1922 that the price of the postcard was raised by 100 per cent. as a war measure. We had expected it to come down to its pre-war level at the earliest opportunity. But our expectations have been falsified and the war measure has been perpetuated. And now the Honourable the Finance Member comes up to this House to further raise its

value by 50 per cent. This is indeed an injustice perpetrated by a Government which is more selfish than benevolent. I appeal to my Honourable friend on the Treasury Bench to reconsider the case and try to meet the deficit by drastic cuts and retrenchments. I also raise my feeble voice against raising the value of envelopes.

Sir, let me add a word about military expenditure. The figures of this expenditure for the last 20 years are as much interesting as they prove the utter helplessness of the Indian people. In 1910, it was 30.4 crores, in 1915 it was 35 crores, in 1920, when there was no war or any prospect of war in the near future, it rose to 68 crores and in 1924 it came down to 60.3 crores. This year also the figures stand at 60 crores including about 8 crores budgeted under other heads. Even with the proposed retrenchment of 1.5 crores this year and 4.5 crores next year, this expenditure is too high for poor India and at a time when India is absolutely safe for years to come from invasion either by sea or land. Both Indian and European opinion—I specially refer to the Madras Europeans—have strongly protested against this abnormally heavy military expenditure and with all the emphasis at my command I enter my most emphatic protest against it. The cost of the British soldier is now 6 times that of an Indian, although it was 3 times in 1913. The remedy lies in Indianisation so often pressed by the Legislature. The recommendations of the Inchcape Committee to reduce the number of Indian and British troops have been left unheeded by the Government. According to the decisions of the Brussels Conference, this defence is not to exceed 20 per cent. of the total expenditure, but India is credited with the unique position of maintaining an army at 62½ per cent. of Central expenditure. Even so late as the Simon Commission, their economic adviser held that military expenditure was out of all proportion in India. Sir, India with her starving and half-naked millions is smarting under a military expenditure unparalleled in any part of the world. There is yet time to cut it and I appeal to the Government with all the earnestness I can command to make drastic cuts and save money to meet the deficit. The capitation charges are unjustly saddled on India for the good of England and the Empire. Why should it be then borne by India? Despite the much vaunted professions of the League of Nations, despite the disarmament proposals and other international agencies making for world peace, despite the pompous declarations of the Simon Commission, despite the pious recommendations of the Inchcape Committee, the military expenditure stands as high as the Himalayan mountain and our voice has become hoarse with our vehement protests and we stand utterly helpless and at the mercy of the military authorities.

There is plenty of room for very heavy cuts in the Agricultural Research Office, the Railway Board and Tariff Board, as pointed out by the Retrenchment Committee. If the Government does not accept its recommendations, and if the Government passes this Bill before the full report of the Committee is received and discussed on the floor of this House, the heavy additional expenditure for such Committee is unjustified and a mere waste of so much hard-earned money of the rate-payers.

Sir, let me repeat and request the Honourable Mr. McWatters to spare the lowly shrubs and sacrifice the tall trees. According to the law of nature, the storm strikes the tallest trees and leaves the smaller trees untouched. But the Indian Government appears in this financial crisis to be a mightier person able to change the law and strike the lowly shrubs most and leave the tallest trees of the administration unhurt.

[Mr. Mahmood Suhrawardy.]

Before concluding my speech and resuming my seat, may I ask the Finance Member how a private individual meets such an emergency as the present? How do all the European countries who have got unbalanced budgets in an emergency like the present meet the emergency?

With your permission, Sir, I shall quote a short passage from the official report of Parliamentary Debates in the House of Commons dated 8th September, 1931. The Honourable Sir Oswald Mosley in the course of his speech makes the following observations:

"Sir, I was about to observe that many people seem to think that we are the only country in the world faced with the prospect of a Budget deficit. As a matter of fact, ours is the only country in the world which is taking any steps to meet it. Deficits are the fashion nowadays. All the best countries have deficits. America, the strong boy of the world, has an enormous deficit, far bigger than the one confronting us. France, I think, has always a deficit—I find that nearly all countries have big deficits. There is no collapse of their exchanges, no withdrawal of foreign deposits, no efflux of gold because they have deposits. Why? Because their industrial position is strong and the investor has confidence."

Sir, here I want to point out how the inherent soundness of our industrial position and perennial balance of trade in our favour are sought to be jeopardised by the cruel imposition of additional burdens by way of import duty on machinery and heavy surcharge on income-tax. I shall continue the quotation:

"Therefore, the view I have to put before the House is this, that it is far more important to give the world confidence in the industrial future of this country than to try to balance the Budget upon a basis of revenue which will soon prove illusory."

I would commend this view for careful consideration by the Honourable the Finance Member.

Sir, a word more, and I have done. I would even go so far as to suggest even if the fullest economies fail to balance our Budget, resort might be had to a short-term loan instead of imposing fresh burdens on the people at this stage. Sir Oswald Mosley goes on to observe:

"We then should adopt the method of balancing our Budget advocated by Mr. Keynes and other economists—"

here is the authority quoted by the Honourable the Finance Member and others also:

"which is simply to borrow and continue to borrow."

Sir, I request the Honourable the Finance Member to give these remarks his most careful consideration and to save the country from the horrors of heavy additional taxation.

THE HONOURABLE MR. P. H. BROWNE (Bengal Chamber of Commerce): Sir, we have gathered here in this extra Session to give our blessing or the reverse to what, I think, the whole House are agreed is a perfectly poisonous Bill. I do not for a moment say that I or any of us in the position of the Honourable the Finance Member could have done any better. There have been various suggestions put up by the House, but I am afraid they will not be acceptable to the Honourable the Finance Member. I think we are generally agreed that the Budget must be balanced, but this is a bad Bill and we none of us like it.

The position is that Government are like many of us in the street and have allowed their expenditure to exceed their income. There however the resemblance ceases. We are unfortunately unable, like the Government, to command an all-round increase of 25 per cent. on our income much as we should like to. We have to cut down our expenditure on our amusements, our clothes, drinks, and smokes and possibly even the baby's shoes. But we must balance our budget or eventually close up. I am not saying for a moment that Government have not cut down their expenditure to a very considerable extent but the feeling of the House undoubtedly is that far greater retrenchment is possible. I am not prepared to support that view; although the figures of Government expenditure in the last 10 or 15 years do undoubtedly show a serious increase. We have had a number of fairly expensive committees sitting for weeks investigating where retrenchment can be made and they have all put in voluminous reports which I understand are mostly being accepted by the departments concerned: personally I do not think that more retrenchment committees will obtain further saving. But I do appeal most seriously to His Excellency the Commander-in-Chief and the heads of all Departments not to stop where they are. After a big stir up and a big inquiry we are all rather inclined to sit back and say: "Well, that is done, we have made a big cut and there it is." But in Government expenditure just the same as in any big office I think there is always room for some further retrenchment without loss of efficiency, and I do appeal to all Departments not to relax their efforts in this respect.

As regards the taxation in the Bill a number of speakers have stated that they are of opinion that taxation has now got to such a pitch that the resulting income will be gradually reduced. We read letters to the papers on this matter with reference to motor cars, drink and various imports. Income-tax and super-tax are getting higher and higher resulting in a steady reduction of capital available for the extension of business and employment of labour. I am quite certain the Honourable the Finance Member fully appreciates that point but it is most important that at the first possible opportunity some of this taxation should be reduced. We are too highly taxed, the development of business as being handicapped and as my friend over here said unemployment will continually increase. Well, Sir, I regret to say that I have no suggestions to make in lieu of the taxation proposed by the Honourable Member. I strongly support the Honourable Mr. Miller's suggestion that if any of us can put up any fresh proposal by next March or April that Government should give the matter their fullest consideration as if any method of taxation less onerous on the country can be discovered it should certainly have the fullest consideration and if possible be adopted in place of some of the measures of this poisonous Bill which I regret to say I shall have to support.

THE HONOURABLE SARDAR CHARANJIT SINGH (Punjab: Nominated Non-Official): Sir, it is admitted on all hands that this Bill is of an unprecedented character. However, as the needs of Administration require money, I am prepared to vote for it. At the same time I feel it my duty to bring to the notice of the Government that the situation in the country is very serious indeed. At a time when the economic depression is of unparalleled magnitude any measure which is calculated to increase the already heavy burdens of the people is, I am afraid, apt to swell the numbers of the discontented. Our efforts, I submit, should at this juncture be concentrated on devising means to win the sympathies of the people, and with that object in view, which in my humble opinion, outweighs:

[Sardar Charanjit Singh.]

every other consideration, I would earnestly request the Government to give early relief to the tax-payer. It is only by increasing the income of the people and the value of their produce that the Exchequer can really be enriched and the contentment and the prosperity of the people achieved.

THE HONOURABLE MR. M. D. DEVADOSS (Nominated Indian Christians): Sir, the Government wants money and wants it badly and the Bill must therefore go through. There are two ways of meeting a deficit in the Budget: (1) by increasing the revenue and (2) by cutting down the expenditure. As regards the first course, let me observe that India has been taxed to the utmost limit. The proverbial camel cannot bear any more burden. Increase of tariffs does not always mean increase of revenue. Undoubtedly heavy tariffs lead to a reduction in the volume of trade and consequent loss of revenue. In this connection I wish to quote a passage from Mr. Pritchard's book on Indian Administration:

"One of the first things Mr. Wilson (first Indian Finance Member) had to do was to correct a grave error into which Lord Canning's Government had fallen just previous to his arrival, from want of acquaintance with, or in consequence of disregarding, the very first principle of political economy. Excessive imposts always result in the repression of trade. How Lord Canning could have fallen into so great a mistake as to raise the tariff upon certain imports from 5 to 20 per cent. at one sweep, it is difficult to understand. The enormous increase had the effect of checking trade to such an extent that the revenue derived from the duty on these articles, instead of rising to four times the amount, fell at once to nearly one-half. Mr. Wilson at once rectified this by reducing the tariff to 10 per cent. from 20."

It is wrong to suppose that by increasing the tariff unduly you can get a proportionate increase in the amount of revenue. Machinery ought not to have been taxed, for according to the Fiscal Commission's report, the raising of revenue by taxing machinery is not a wise course. Income-tax no doubt is a legitimate source of income, but lowering the taxable minimum undoubtedly is not a wise course. The cost of collection from persons whose incomes are between Rs. 1,000 and Rs. 2,000 will nearly swallow up what is collected. It might be said that there was a time when the taxable minimum was Rs. 1,000, but in those days, the revenue authorities, the Tahsildar and the Revenue Divisional Officer, did income-tax work, and there was no separate department for income-tax collection. Now, we have a costly machinery and the income that would be got by employing additional staff would nearly swallow up the income that is expected from lowering the taxable minimum. Then, as regards the postal rates, I am afraid the Government have laid themselves open to the charge of taxing the poor man's correspondence and not the well-to-do man's by not raising foreign postal rates. I would also suggest the desirability of going back to the practice that prevailed some years ago of charging only one anna for letters not weighing more than a tola. When the Government cannot expect much help from new taxation, it should turn its attention to cutting down expenditure. The expenditure on the Army is out of all proportion to the needs of India. It is an admitted fact that it is maintained at its present strength for Imperial purposes. The following extract from the Despatch of the Government of India, quoted by Mr. Sitarama Raju in the Assembly, is pertinent to my contention:

"Millions have been spent on increasing the army in India, on armaments, etc., to provide not against domestic enemies or to prevent the incursion of the warlike peoples of adjoining countries but to maintain the supremacy of British power in the East. The scope of all those great and costly measures is far beyond India's limits,

but the policy which dictates them is an Imperial policy. We claim therefore in the maintenance of British forces in this country a just and even a liberal view should be taken of the charges which should legitimately be made against Indian revenues."

Mr. Buchanan, who was once Under Secretary of State for India, as a member of the Welby Commission says:

"In so far as the military defence of India is concerned, India pays everything and the United Kingdom nothing and yet the maintenance of the military defence of India is one of the greatest Imperial questions. In the military strength of India is the main factor in the strength of our Empire in the East. In virtue of that Great Britain is a great Asiatic power."

If this is so, Sir, it is but fair that the British Exchequer ought to bear a portion of the cost of the Army in India. I think the Indian Government should take courage in both hands and press upon the British Cabinet the justness and equity of its bearing a portion of the expenses which are incurred in maintaining such a huge army as we have in India, and if the British Government will not consent to sharing a portion of the burden, I think it is but right that the Indian Government should reduce the strength of the Army. Sir, before the War, the cost of the Army was 29 crores. By 1922, just before the Incheape Committee held its enquiry, the cost had risen to 68 crores, an increase which was attributed by that Committee to the general rise in prices, the enhanced rate of pay granted to all ranks, improvements in the standard of comfort and amenities of the troops, additions to and improvements in equipment and the adoption of a higher scale of training and the increase in non-effective charges. My submission is, Sir, that considerable reduction could be made under these heads without in any way affecting the efficiency of the Army.

The cuts in the civil expenditure are also not adequate enough considering the present state of things. It is a most unwise policy I think to dismiss a number of low paid clerks and petty officials who have no other means of earning their livelihood. They are likely to swell the ranks of the discontented and I fear they may go about the country accusing the Government of favouring the highly-paid officials and of dismissing the low paid ones. This, I fear Sir, might create a lot of trouble in the country which it would not be easy to allay or prevent.

I would suggest one or two modes of increasing the revenue of the country. The first is, the levying of income-tax on pensions paid out of Indian revenues. It might be said at once that there is a technical or legal difficulty in the way. My suggestion is, let pensions be paid in India and let the pensioners make their own arrangements for drawing them from this country. So far as pensioners resident in England are concerned, they would have no reason to complain for the British Income-tax Act makes provision for the payment of income-tax at the source and whatever is paid is given credit to, and so they will not suffer by our taxing them under the Indian Income-tax Act. No doubt people who, in order to evade the British Income-tax Act, are residing on the Continent or in the Free State of Ireland will be affected. With them we have no sympathy. What we are now doing, paying pensions in England without deducting income-tax, is benefiting the English exchequer at our expense. I think, Sir, that is not a fair way of dealing with the situation. We cannot afford to be charitable when we are actually suffering so much. I would also suggest one or two fresh sources of taxation. Large quantities of manure and oil-seeds and oil cakes are being exported from this country.

[Mr. M. D. Devadoss.]

In the interests of the planters and the raiyats I would suggest the imposition of a tariff on manures and oil cakes. As regards oil-seeds, it might be said that trade might be affected. The countries which import oil-seeds are the Continental countries and a small tariff of 3 or 4 per cent. I think would not in any way affect the trade. Sir, there are other sources which can be tapped and I do not want to weary the House with enumerating them for this is not the occasion for going into them in detail. With these remarks, Sir, though the taxation proposals are very unwelcome, I wish to give my support to the motion.

THE HONOURABLE SIR GEORGE SCHUSTER (Finance Member): Sir, I should like at the outset to say to the House that I am sure they will credit me with honesty when I say that it is with real regret that we come before the House, that I myself am present in the House, in the circumstances which now apply to the present Bill. I am sure Honourable Members realize that if Government had been able to follow the normal procedure and not to have had recourse to measures which were thought necessary in the present case, Government would have very greatly preferred it. But I would ask Honourable Members to appreciate the Government's position in this matter. It is a common phrase that the present Government is irresponsible. That phrase is used in a certain technical sense, but the real fact of the situation is that the Government under the present constitution carries the responsibility and has no means of shifting it upon anybody else. In those circumstances Government are forced to do what they consider to be necessary in the interests of the country. On the present occasion we were entirely frank and honest with the Legislature from the outset. We told them—and I need not go back over the circumstances in which the situation arose—we told them that we were faced with a national emergency which made it absolutely necessary to take drastic and swift action. In forming our plans for that action we framed them in a way which we considered to be the minimum necessary to deal with the situation. The situation is just as serious now as the situation when we formulated our proposals, and if we were now to reduce in any sense the measures that we put forward we should be falling below the minimum which we consider to be necessary. But I may be told that even in a case of that kind the Government ought to do something to meet the wishes of the popular Assembly. I have thought a great deal on that question and it seems to me that if you follow it to the logical conclusion the result is this. It means that the Government, the Finance Member on behalf of the Government, must on an occasion like this always come down to the House in the same spirit as a man who goes down to bargain in the bazaar. If it were to follow out that principle I ought to come forward and ask for something more than I am ready to accept, so that in the last stages of the discussion I may have something to give away in order to please the popular Assembly. Now, Sir, I am sure that no one who seriously thinks over the situation would expect the present Government in its present form to adopt tactics of that kind, and therefore in the present case we were forced to stand on the proposals which we had put forward, for we felt that if we had given away the four crores which had been cut out of the Budget we should have failed to show that determination which it appeared to us the circumstances rendered absolutely necessary. I would like to say one more word on that subject. It is necessary to consider what exactly were the features in our plan which

according to the vote of the Assembly, would have been eliminated. We should have lost the additional taxation on the lower incomes, we should have lost the machinery import duty, we should have lost the increase in the postal rates, and to these three items one must add a fourth, which I think really slipped in more by accident than otherwise that, as regards next year, but not in the current year we should have lost the additional income-tax on incomes below Rs. 10,000 a year.

Now, Sir, we have heard a great deal in this discussion, both in this House and in another place, about the operation of the law of diminishing returns and about the need for broadening the basis of taxation. I have found it a little difficult to follow those arguments. I think Honourable Members who used them will find it a little difficult to apply the arguments that they have used to the conclusions which they seek to draw from them. I fully admit that, so far as the customs import duties are concerned, it is quite possible that at least in the case of certain items the law of diminishing returns may already be in operation. But those are just the items in our Budget which the whole of the Assembly would have been willing to pass; and it is the other items which are unpopular and those are the items to which the law of diminishing returns does not really apply. Now in the case of these four taxes which the Assembly would have cut out they would have cut out three features where we were going to new fields, where we were really tapping new sources of taxation, and however much Honourable Members may dislike them they are taxes which might even in the present times be expected to produce substantial revenue and which are really more reliable sources on which to rely than many of the other features in the whole of our plan. Therefore it would have been particularly difficult to give up just those three measures. I think it is important that this House should realise that position.

Now, I would like to turn to the general course of the debate. I shall try to be as brief as possible because the subject is already a very well worn subject, and even if Honourable Members here have not been present in the discussions in the other House I trust that some at least of them will have read the reports of those discussions. If they would do me the honour to read some of the speeches that I made and some of the statements that were circulated, they would get a very good idea of the whole of Government's case. Now, in the first place it is necessary to realise the situation in which we are placed. My Honourable and gallant friend from the Frontier compared me to a doctor who had wrongly diagnosed the situation. I thought when he used those words I was reminded of the title of a well known play "The Doctor's Dilemma". I think the doctor in the present case was in a very unpleasant dilemma. But, Sir, I cannot agree with my Honourable friend in his statement of the case. He said I had wrongly diagnosed the situation on the occasion of the last Budget, because the remedies I had applied were wholly ineffective. I would put it to him in this way. I, as a doctor, was treating a patient suffering from a serious but not a dangerous disease, and in the course of the application of that treatment the hospital took fire and the whole of it was burnt down. The patient in those circumstances is liable to suffer a serious relapse in his condition and needs perhaps quite a different treatment. That is really a parallel to the present situation. We are not concerned merely with the disease from which India is suffering. We had, it is true, certain troubles, certain readjustments were necessary in our purely Indian financial situation; but in the

[Sir George Schuster.]

midst of dealing with those troubles we have been caught up in this conflagration which has come upon the whole world.

THE HONOURABLE MAJOR NAWAB SIR MAHOMED AKBAR KHAN: Was not this hospital insured, Sir?

THE HONOURABLE SIR GEORGE SCHUSTER: I would tell my Honourable friend that analogies are always dangerous, but however much the hospital might have been insured that fact would be very small comfort to the patient in my analogy, if he were suddenly to find himself carried out into the cold. Sir, if my Honourable friend would study the condition of the world, if he would study the condition particularly of those countries that rely on primary agricultural products for their economic position, he would see that India is by no means the worst off. Let him consider the position of Australia and the measures that have been necessary there; let him consider New Zealand or the South American countries. They are all in a desperate position; and I would go so far as this when Honourable Members ask whether it is likely that our budget estimates now will be realised, I would go so far as to say this, that if there is not any general improvement in world conditions, then we are face to face with something very near the breaking up of modern civilisation. There is no country which can stand the present conditions and if prices do not improve then we shall be involved in still further troubles not of our own making but which would come upon us from the outside world. It is not only the countries that rely on primary agricultural products of course that are in difficulty. One of the latest speakers reminded us that all the best countries had heavy deficits now. I would remind this House that last year France, one of the strongest financial countries in the world at present, had a deficit on their Budget of 1,500 million francs; I would remind the House that the United States had a deficit last year of 903 million dollars and that in the first quarter of the current year they fell below the budget estimate by no less than 374 million dollars. The position of the United Kingdom is well known. Their deficit for the current year is expected to be £70 million sterling and if the real facts of the situation are examined it is much higher, because they have only reduced the deficit to this figure by drawing on certain special funds to keep it down as low as that, and for next year they anticipate a deficit of £170 million sterling. That is the condition of the world and it is no use saying that the Government of India are responsible for the present position of India. None of us who are caught up in this terrible trouble can help it.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: How have those other countries met their deficits, by retrenchment and by extra taxation?

THE HONOURABLE SIR GEORGE SCHUSTER: I am coming to that point later on. I was going to say this, that it has been suggested by certain speakers that although we are in this trouble we ought not to take emergency measures to deal with the situation. It is a point which I think requires a very short treatment from me, because although it was mentioned by one or two, I think it is quite clear that the general feeling of the House would not agree with that attitude. But supposing we did try to take that line, supposing we followed the advice of one of the speakers that we should deal with the situation by raising loans, we should very soon—at the very first attempt—be brought up against the failure of that method, for the very simple reason that we should not be able to raise the loans, and that is one of the facts which Honourable Members who make these suggestions would quickly realise if they themselves

were carrying the responsibility. But that is a point with which I do not intend to deal at any length, because as I have said I take it that both in the Legislative Assembly and in the present Council there is no strong section of opinion which would advocate courses of that kind. Practically all the speakers to-day have agreed that it is necessary to take emergency measures to balance the Budget; and if there is a difference of opinion it is not as regards the object that we should aim but as regards the methods by which we should achieve that object. Now if I go over what has been said it seems to me that there are a certain number of points which have been made, points where Honourable Members would differ from the line that the Government have taken. Some say that more retrenchment is necessary; others say that different forms of taxation are necessary; one Honourable Member has suggested that we should make a heavier raid on the sinking fund. Then my European friends say that while they agree in general with our policy they think that in details it certainly should be revised. Others again say that whatever we do, in any case the country cannot stand this taxation; and lastly they say that whatever we do, we are not going to raise the necessary revenue. Now, I should like to take those points one by one. I think they cover the whole field which has been covered in the debate to-day. Let me take first of all this question of more retrenchment. Again I will not attempt to deal with it in detail, but I would ask Honourable Members to study carefully the papers which have been circulated to them. But I think it is clear from the remarks that have been made by all the speakers that they have not really appreciated the extent to which the Government has proposed to cut down expenditure. I would ask Honourable Members particularly to study a table which has been circulated with the papers, an analysis of revenue and expenditure of the Central Government starting with the year 1921-22. That really shows the truth, it divides up the budgetary figures in a way which reveals the true position. The budgetary figures considered as a whole are really most misleading when you are considering this question of retrenchment or when you are trying to form a judgment as to what is the field of expenditure to which retrenchment can be applied. Now, looking at that table you will find that I have analysed the administrative expenditure, separated it out from debt services and other headings, and there are two columns which deal with administrative expenditure, the net military expenditure and the net civil expenditure. Now, the expenditure in 1930-31 was on those two heads 77 crores and 59 lakhs and if we can realise our plans that expenditure in 1932-33 will be reduced to 64 crores and 89 lakhs. That is to say, since 1930-31 a reduction of 12 crores and 70 lakhs which means something like 16.4 per cent. of the total expenditure. Now, I do maintain that if we can carry that out it is a very remarkable achievement, and I would like to go a little further back because my Honourable friend Mr. Browne speaking last referred to the enormous growth of expenditure over the last 15 years. Well, the earliest year which I have got in this table is 1921-22 and the expenditure under those two heads in 1921-22 was 89 crores and 83 lakhs. That is to say that the figure 89 crores and 83 lakhs will be reduced next year to 64 crores and 89 lakhs. Now, I think on those figures it is hardly fair to refer to the enormous growth of the expenditure, and if we can cut down to that figure and get any sort of return to normal economic conditions for this country then I say Indian finance will really be down on to a sound foundation and there will be a very good chance for the Government of the future to find some margin for expansion as regards productive

expenditure and a very considerable margin for the reduction of rates of taxation. It is the lowest figure—we have got it down to a figure many crores below the lowest figure since the war.

THE HONOURABLE MAJOR NAWAB SIR MAHOMED AKBAR KHAN: But, Sir, why are you going down to 1921-22? We want you to go to the expenditure of 1913-14.

THE HONOURABLE SIR GEORGE SCHUSTER: I am going to deal with my Honourable friend's remarks on that matter. But as he has invited me now I would like to put it to him. Let him go through the budgets of every country in the world and find any single country which is now within any appreciable distance of pre-war expenditure. They have all had to go up because the cost of administration has gone up in every country and you cannot get it down again. But I would like to carry it further because in the case of India—and my Honourable friend knows this better than anybody else—in the case of India the biggest increase is in connection with the Army, and in regard to the Army my Honourable friend should also know because he has been on the Army Retrenchment Committee, he should also know that if the present Army expenditure can be cut, as we now propose, by another 5½ crores, then he will be down to a figure which leaves no possible margin unless you go in for a substantial reduction of troops. And I say that with great confidence for the following reason: The Army Retrenchment Committee has so far it is true not covered the whole of that field but it has covered a very substantial part of the field. The Army Committee's recommendations provide for savings in that field of something like 274 lakhs—I am not sure whether I have got the figure exactly.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: About 5 per cent. on the table.

THE HONOURABLE MAJOR NAWAB SIR MAHOMED AKBAR KHAN: Sir, I am not talking only about the Army. I am talking about the civil too. It has gone up to eleven and a half crores, leaving out the Army expenditure which will be looked after by the members of its own Subcommittee.

THE HONOURABLE SIR GEORGE SCHUSTER: But I would put it to my Honourable friend that as regards the expenditure on the civil, taking all the tax-gathering departments into account, on which you cannot reduce expenditure unless you are going to reduce efficiency of collection, taking all this into account and taking the North-West Frontier Province, where I think my Honourable friend will agree there is not much room for reducing expenditure at present, taking all this into account, the total expenditure on the civil heads is only 18 crores and there cannot be in that small amount, considering all the duties that the Government has to perform, there cannot be a very large margin for further reduction. Therefore if further reduction on a large scale, on a scale which really is going to affect the situation, is going to be brought about, it must be in the Army, and if it is in the Army then if my Honourable friend wishes to see further economies beyond the 5½ crores which are being provided for in next year's Budget it will be impossible to get that—and I am sure my Honourable colleague His Excellency will confirm me in that—it will be absolutely impossible to get that without substantial reduction of troops. (*His Excellency the Commander-in-Chief: "Yes."*) Therefore, if my Honourable and gallant friend is pressing for a return to 1913-14 he is pressing for something which will mean reducing the present strength of the Army by nearly one-half.

THE HONOURABLE MAJOR NAWAB SIR MAHOMED AKBAR KHAN: I do not mind the Army, Sir. We will settle that. What about the civil expenditure?

THE HONOURABLE THE PRESIDENT: I think the Honourable Member has said that before and I understood the Honourable the Finance Member to answer him. I think the House will be glad if the Honourable Member would refrain from further interruption.

THE HONOURABLE SIR GEORGE SCHUSTER: I shall be very glad to go into the figures in further detail with the Honourable Member outside. But I would repeat the point that, as the total volume of expenditure including a large number of items which cannot possibly be reduced without loss of revenue is 18 crores, if the total amount spent on civil administration to which he is referring including the North-West Frontier Province is only about 12 crores, I put it to him that there cannot be within that field a sufficient margin of economy to make any substantial difference in the present financial position because we are short not of two crores but of twenty crores. That is a point I want to make.

Now, Sir, another comparison that has been made has been between the retrenchment which we are effecting and what has been done by His Majesty's Government. Several speakers in the course of this debate have said that His Majesty's Government, the British Government, have tackled the position better; that they have tackled it by retrenchment whereas the Government of India are tackling it by new taxation. I just want to remind the House of the actual facts in that connection. The British Government had to find 70 millions in the current and 174 millions next year. A total of 244 millions. Towards that they are raising new taxes amounting to 122 million pounds. That is to say by new taxation they are finding 50 per cent. of the necessary money.

THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM: With a surplus, Sir, at the end of the two years.

THE HONOURABLE SIR GEORGE SCHUSTER: Well, the surplus is one and a half million in each case, and it is so small in dealing with a budget of that kind that it really does not come into account at all. They are providing for 50 per cent. by new taxation. We, according to our present estimates, are calculating on the two years to raise about 21 crores to meet a deficit of 39 crores, that is slightly above 50 per cent. so that as regards taxation the figures are almost exactly the same. But when you come to consider the matter of retrenchment the position is quite different. Taking next year, for instance, the British proposals will provide by economy cuts 70 million sterling towards a deficit of 170. But included in that 70 million sterling are very large cuts on items to which we have no parallel at all in this country. They are taking £36,300,000 out of the Unemployment Insurance and Unemployment grants. They are raiding the Road Fund to the extent of £7,860,000. Those items together amount to £44,160,000 out of their total of £70,000,000. Out of genuine retrenchment which is comparable to the sort of retrenchment which we have got to effect they are only finding £26,000,000. Now, their total expenditure eliminating debt services is something like £500,000,000 so that their retrenchment amounts to a little over 5 per cent. of their retrenchable expenditure, whereas in our case, as I have already informed the House, our retrenchment amounts to 16.4 per cent. of our retrenchable expenditure. I think it is clear to any one who studies these figures that as far as retrenchment goes, we have made a much bigger effort than even the British Government.

THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM: Will the Honourable Member give us the figure for the current year, 1931-32, for the British Government and ourselves?

THE HONOURABLE SIR GEORGE SCHUSTER: As my Honourable friend has raised that question, I will just say a word or two. He himself based the whole of his remarks on retrenchment for the current year, but in doing that, he quite failed to take account of the retrenchment which we had effected in the current Budget and he ought to add to the figure of 90 lakhs which he gave a figure, very nearly 4 crores, which we had actually provided in our Budget estimates. If he takes that into account,—I would like him to go home and work out the figures—he will find that the percentage which I have given applies to the combined totals to almost exactly the same extent as when applied to 1932-33 alone.

THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM: This year's revised Budget is bigger than the first Budget.

THE HONOURABLE SIR GEORGE SCHUSTER: I would ask my Honourable friend to go and work out the figures for himself and not to prolong my speech by further interruptions. It has already got longer than the House desires.

Turning to the second method, the different forms of taxation, we have not had any substantial suggestions. My Honourable and gallant friend from the Frontier made a suggestion—which from the purely financial point of view may have much to commend it—that there should be a uniform all-round income-tax of 2½ per cent. on all incomes down to Re. 1 per annum.

THE HONOURABLE MAJOR NAWAB SIR MAHOMED AKBAR KHAN: Rupees 40, I said, Sir.

THE HONOURABLE SIR GEORGE SCHUSTER: If we could collect an income-tax of that kind it would be very effective. But I do not think that my Honourable friend really expected his proposal to be taken very seriously. Apart from that, one of the last speakers mentioned certain suggestions which can be the subject of enquiry, and in this connection, I should like just to say something about the points made by my Honourable friend from Bombay. He wished to get from the Government two assurances, first that in the course of the normal budget discussion an opportunity would be given to review the whole position, and to consider alternative proposals, and secondly that in the meanwhile Government would investigate alternative proposals. I have no difficulty at all in giving him the second assurance, and if he, or those whom he represents, have any proposals that they wish us to consider, we shall certainly go into them very carefully indeed. I do not wish to hold out any hope that we ourselves see the possibility of any substantially new and different forms of taxation which could be introduced on the occasion of the next Budget and substituted for some of the existing taxes, for I cannot myself see any possibilities of taxes which could produce large sums of revenue which it would be possible to introduce at that stage. But we have still two or three months before us and conditions may change, and may make it possible to take up alternative measures. In the meanwhile I would ask my Honourable friend to be content with my assurance on the other point, that if he or his constituents have any suggestions to make, we

shall give them our most careful consideration. In this connection I would remind him of a statement which I made in the other House to the effect that if we find that, in the case of any articles, the increased import duties are operating in such a way as to produce an actual loss of revenue and also to damage Indian economic interests, we would take action, making use of our own executive powers under section 23 of the Sea Customs Act, to make remissions of the duties, and, having done that, we should come before the House next Session and ask them to approve the action which we had taken. That gives a certain amount of elasticity towards making minor changes, and again I say that if my Honourable friend or the interests which he represents have any suggestions under that head to make, I should be very glad to consider them.

I now come to the point made by my Honourable friend Mr. Basu with regard to the Sinking Fund. I always listen to what he says with great care and interest. He generally deals with questions of finance as distinct from mere questions of revenue and expenditure. But in the present case I must say that I find it very difficult to follow what he has in his mind. His argument seems to be this, that unless the provision for reduction and avoidance of debt, or the Sinking Fund, to use a shorter expression, is used for the active support of Government securities in the market it has very little use to anybody. He said that as at present applied, it was functioning neither for the reduction nor for the avoidance of debt. I am sure my Honourable friend did not mean that seriously, because it must be obvious to him that if we have a provision in the Budget—6,78 lakhs—which is not spent in the ordinary way, that must flow into the general Government balances and so ease the Government ways and means position. He must also realise, that, so far as Government's debt position is concerned, it makes no difference whether that money is used for the purchase of securities in the market, thus reducing Government securities outstanding in the market, or whether it is used to avoid fresh borrowing. In the former case Government would have to borrow so much more new money and this would bring the Government debt outstanding up to the same figure as it would have been if the latter course had been adopted. From the point of view of the Government's balance sheet it can make no difference. I think my Honourable friend's remarks do not bear analysis. If, however, he really wishes to press his suggestion that we should meet the present situation by abolishing our Sinking Fund provision altogether, that I am afraid is a suggestion which I must refuse altogether to consider. Nothing could be more calculated to damage the position of the Government of India. I would remind the House, when they are considering that, that at present when we are forced to draw upon the Railway Reserve Fund in order to enable the Railways to meet their ordinary interest obligations, it would be particularly unsound to abolish or to cut away altogether any provision for reduction and avoidance of debt. We think that under our present proposals,—which, if our estimates work out accurately, would mean that the provision for reduction and avoidance of debt is reduced from just under 7 crores to about 4½ crores,—we think that that is not going beyond the limits of what is sound finance in the present circumstances. But to suggest that we should lean on the Sinking Fund for helping us out of the present situation, and avoid all further taxation, would be a suggestion which in the long run would do India an enormous amount of harm.

[Sir George Schuster.]

I have only a few more words to add. I turn to the point which has been made that the country cannot stand the present burden of taxation. Now, I fully admit that the increases in taxation in recent years must have been very unwelcome to all classes in the country, but I trust that this aspect of the situation will not be exaggerated. When you come to analyse the figures of the burden of taxation in India it is not really, compared with other countries, an unduly heavy burden. I quoted in the course of the discussions in the other House the figures given by Sir Walter Layton in his report, and Honourable Members may recollect that he pointed out that, according to the estimates of the Indian national income, the total burden of taxation, at the time when he reported, represented something between 6 and 8 per cent. of the total national income; whereas in Japan the total burden of taxation amounts to 20 per cent. of the total national income. The conditions of the two countries may not be exactly similar, but they are at least comparable, and taking India as a whole, although I admit that the increases recently have been relatively heavy—taking India as a whole it cannot be said that the burden of taxation is of an entirely crushing nature. I would just remind the House also of certain of the figures as regards income-tax. I have not a full table before me, but there was a very interesting table prepared by the Bombay Millowners' Association. They showed what the increases in income-tax had been on the various grades of income as the result of the measures introduced in the last two Finance Bills, and the one case which stood out as the most glaring case of all was the case of an income of Rs. 15,000 per annum, where the actual increases amounted to 100 per cent.—the rate had been doubled. But the rate as it now is, thus increased, is only about 10 per cent. of the income—2 sh. in the pound. Well, I do not think it can be said, although that is a substantial deduction, that in comparison with income-tax rates in other countries it is a crushing burden. Therefore, let us preserve a sense of proportion in this matter and not indulge in undue pessimism. And that is the note on which I would like to finish. I agree that the present situation is bad. I agree that the present Bill is a most unpleasant Bill, and I often wish when I listen to these debates that I could change places and make a speech in opposition for a change. The task of the critic is extraordinarily easy in dealing with the present Bill. But realizing and facing up to all the objections, I believe the position of India, if compared with the conditions of other countries in the world to-day, particularly the condition of other countries which rely on primary agricultural products for their economic life—I believe the condition in India to-day is sound and healthy; and further I believe that with all the disadvantages of our new customs import duties, they are going to have a beneficial effect on Indian industry and that Indian industry can look forward to a period of prosperity which industry in no other country of the world to-day can hope to realize. If you follow the progress of the Indian cotton milling industry and compare it with the progress of the cotton milling industry in other countries of the world,—and that after all is a big staple industry—you will find that India alone of all countries is now enjoying comparative prosperity and is the only country in the world which is now working anything like full time in any big standard industry. And it is far and away the most prosperous country in the world so far as the making of manufactured cotton goods is concerned. That, after all, is, as I say, the most important industry in India, and I think it is significant that in spite of everything the opposition from the big

business centres to the present Finance Bill has not been very great. I think it is significant that in spite of everything the general spirit in the country and the feelings as regards the future are better than they were at the time when the Budget was introduced. Therefore, fully recognizing the disadvantages of heavy taxation or increases in taxation, let us not be too pessimistic, and let Honourable Members here feel that in the midst of times of unexampled difficulty India is keeping her place very well and will continue to keep it as long as we manage public finances on a sound basis. (Applause.)

THE HONOURABLE THE PRESIDENT: The question is:

"That the Bill to supplement the Indian Finance Act, 1931, and to extend the operation of its temporary provisions, in the form recommended by the Governor General, be taken into consideration."

The motion was adopted.

The Council then adjourned till Eleven of the Clock on Friday, the 27th November, 1931.

COUNCIL OF STATE.

Friday, 27th November, 1931.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

INDIAN FINANCE (SUPPLEMENTARY AND EXTENDING) BILL— *contd.*

THE HONOURABLE THE PRESIDENT: The Council will proceed to the consideration clause by clause of the Indian Finance (Supplementary and Extending) Bill. Clause 2.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab: Non-Muhaminadan): Sir, I beg to move:

“That clause 2 be omitted.”

My reason for moving that amendment, Sir, is that I do not want the present rate of taxation to continue after 31st March, 1932. The reasons which the Honourable the Finance Secretary gave yesterday were not at all convincing as to where was the necessity of continuing the increased taxation during the next year. Unless we know what the expenditure of the Government is going to be in the year following I do not think there is any justification for carrying this unbearable taxation over for more than the period that is necessary. As far as I can judge from the speeches of the Government Members in the other place, I find, Sir, that except those items which usually come before the Legislature for the vote, additional taxation which has been levied on all the other articles will stand. In case I am wrong in my interpretation of their speeches, I hope the Honourable the Finance Secretary will put me right. He told us yesterday that in case we do not vote the extra taxation for the next 18 months, the goods in bonded warehouses will not be taken delivery of and that trade will not move in the manner that it ought to normally. In the ordinary year also, Sir, whenever the budget time comes the commercial people are in a fix as to what measures the Government will adopt as far as fresh or increased taxation is concerned, and so, Sir, I do not think that this year they will think differently. The Honourable the Finance Member told us that since the sterling has been converted only into a paper currency owing to its having been thrown away from the gold standard there have been appreciable signs of improvement in trade. I agree with him there that there has been some improvement since then and in case he is so hopeful that that improvement will continue and that during the next six months he shall be getting far better revenues from customs than he anticipates, then at the end of these six months there may perhaps be a likelihood of our releasing the public from this additional monstrous taxation. For these reasons, Sir, I hope that this House will accept my proposal, a proposal which to me seems very modest and fair and which is in accordance with the established practice of this House and the other; perhaps this is the first time in the constitutional history of India that taxation is levied for a period more than for which the expenditure is put before the Legislature.

THE HONOURABLE SIR ARTHUR MCWATTERS (Finance Secretary): Sir, before I reply to the Honourable Member's amendment, I should like

[The Hon. Sir Arthur McWatters.]

to tell the House that the Honourable the Finance Member has asked me to express his regret at his inability to come here this morning as he is detained at a meeting of the Public Accounts Committee. As regards the amendment which has been moved, I am afraid I must oppose it. I regard it as really fundamental. Yesterday in my introductory speech I endeavoured to deal in advance with this point, but it appears that the Honourable Mover of this amendment has found my reasons unconvincing, and from some remarks which fell from the Honourable Mr. Hussain Imam I fear that he too has completely misunderstood what I intended to say. I never suggested that the customs duties are duties which are imposed for a limited period; they are obviously imposed until they are next amended. My point is quite different. My point was that if the temporary provisions of the Finance Bill are kept in force only until March next, it means there must be a second Finance Bill in the year. If you have a second Finance Bill in the year, you at once introduce uncertainty in the minds of everybody as to what taxation will be included in that Bill. Therefore members of the public and others will be anticipating some changes, probably in the customs rates also. That, Sir, was the point I intended to make.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Can you guarantee now that during the course of the next financial year you will not be coming before this House with a second Supplementary Finance Bill?

THE HONOURABLE SIR ARTHUR McWATTERS: I give no guarantee of any kind, but I hope it will not be necessary.

The Honourable Mover of this amendment raised one substantial point, which was that the expenditure for next year is not now known so fully as it would be in March. As to that the conditions this year are peculiar. We have had this retrenchment campaign and the recommendations of the various Retrenchment Committees have all been designed not only with reference to the expenditure in the current year but with reference to the expenditure in the next year. In fact the greater part of their recommendations deal with economies which could be made next year. Therefore it is possible on this occasion far more than usual to look ahead for 18 months as regards our expenditure. The fundamental point, however, which I wish to make in opposing this amendment is this, that the whole object of the scheme now before the House is to impart the greatest possible confidence to the outside public in the strength of our finances and the best way of doing that is to show that we are endeavouring to balance our Budget for a considerable period ahead. That, Sir, is why I regard this as fundamental and I must strongly oppose the amendment.

THE HONOURABLE THE PRESIDENT: I have to remind the House again that it is not the practice here to put from the Chair a motion that a clause be omitted. It is the practice established by the first President of this Council and I have never found any reason to alter it, though I am aware that a different practice is followed elsewhere. The vote on the question that a clause be omitted can equally well be given at the end of the debate on the question that the clause stand part of the Bill.

Does the Honourable Member (the Honourable Mr. Abu Abdulla Syed Hussain Imam) wish to move his amendment?

THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM: Yes, Sir.

THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM
(Bihar and Orissa: Muhammadan): Sir, I rise to move my amendment:

"That in clause 2 for the word and figures 'March, 1933' the word and figures 'March, 1932' be substituted."

I wish to say at the outset, Sir, that I am glad that the Honourable Sir Arthur McWatters has informed us that his idea in coming forward and saying that the Bill was required for 18 months was not based on any necessity from the financial point of view; but that it was to mitigate the uncertainty that might be in the minds of the outside world. As far as that is concerned, Sir, it remains to be seen whether the figures, submitted by the Finance Department, are of themselves convincing enough to face the ordeal of criticism or not. My contention, Sir, as I pointed out yesterday, was that the author of the financial statement himself has given the go-by to any certainty of its coming true. As regards the greatest source of income, which incidentally is utilised by my Honourable friend the Commander-in-Chief—I mean the customs duty—well that is a thing on which the Honourable the Finance Member was definite, that it cannot be definite. It is the most indefinite thing in the world, and experience shows that we have ever found the Finance Department more optimistic than pessimistic. The difference as I pointed out yesterday—when I was referred by the Finance Member to study his figures of 1st retrenchment beforehand and afterwards compare it with the English figure—well the difference between England and India is that whereas we are introducing every year customs duty increasingly and increasingly and ever the customs refuses to come up to our expectations, in England that is not the case. In England out of the whole deficit this year only 11 per cent. was met by taxation and out of that only one per cent. fell on the customs duty. Whereas here we have got 10 crores by the last Finance Bill and 4·8 crores by this year's Finance Bill. The expectation for the year 1930-31 was 53·6 crores and we came up to less than 46 crores. This year we were expecting 56 crores on the old basis; but the memo. of Mr. Denning says that we will be getting 46·46 crores and even after the addition of the new taxation it is not coming up to more than 51 crores. That estimate is further falsified by the October figure of customs income, which incidentally did not take into account the decreased orders which will be issued from India, and the increased deterioration of the rupee gold value, which also will deter persons from placing orders outside because, the income from customs for the month of October was less than that of October, 1930. In the face of all this, if you think that people will rely on your estimate and think that you have balanced the Budget you are deluding yourselves. No one can be convinced of the soundness of the financial proposition, in the face of these things which are convincing enough because they are actuals and yours is only an estimate.

Now, Sir, as regards the customs duty, I would say one thing only. The Treasury has estimated that 4·85 crores is the betterment from increased duty. I do not know, neither have the Assembly been enlightened, whether that takes into account any deterioration of the gold value or not. If it takes into account the deterioration of the gold value, then to what extent? Because at the time that the Bill was placed in our hands during the Simla Session the gold value had not declined to the extent that it has declined to-day. Now American exchange stands at 27·62 cents. per rupee, which is practically a 30 per cent. decline from the gold value of the rupee that existed before the 21st September. This enormous

[Mr. Abu-Abdullah Syed Hussain Inam.]

decrease in the gold value did not come up in one day; it has come up gradually and we are not informed whether full count has been taken of all this deterioration in the gold value.

I venture to suggest, Sir, that there is absolutely no effective remedy for the falling incomes, but reduction in expenditure. It may be stated, that retrenchment has been effected as far as it was possible, and the Honourable the Finance Member took pride in the fact that 4 crores had been reduced before the first Finance Bill, but he forgot to tell us that that included an item of one crore and 70 lakhs that was given up by His Excellency the Commander-in-Chief, not finally, Sir, but only temporarily, and which will be saddled on to us again, next year or at some future prosperous time. That does not mean that there has been any reduction. He also stated, Sir, that we cannot effect any economy in the Army Department except by reducing the strength of the Army. My contention, Sir, is that, that is not a fact. India has been crying herself hoarse and committees of retrenchment, including the Incheape Committee, have all advocated a revision of the capitation charge. Yet it has proved of no avail. We have not had the time, even in seven years, to effect this reduction, which has been condemned by outsiders, by non-Indians as well. I will show some facts and figures to convince the House that we challenge the capitation charge not on any basis of policy but on sheer merit and on a basis of arithmetic. The English expenditure on the military budget was something like 28 million pounds before the war in 1913 and now it has come down to less than 36 million pounds by the new estimates that have been made for 1932-33; and before that it stood at less than 40 million pounds. Well, we were paying as capitation charge £11 and some shillings, up till 1919, even during the war period. After that it was increased for one year probably in 1920 to £28, but after some representation by the Government of India it was reduced and we are still paying at the rate of £25 13 shillings and 6 pence *per capita*. Now, that the expenses of England on the military has come down enormously since 1920 no corresponding reduction has been made in our capitation charge. We are proud enough not to crave mercy from anybody. What we demand is bare justice and nothing but justice. We wish, Sir, that as the English expenditure on the Army Department has come down, in the same proportion our capitation charges should be reduced. I estimate, Sir, that on the basis of the present English expenditure and the ratio that they bear to the 1913 figure, our capitation charge should be reduced by something like £10 *per capita*. This will be a saving of not less than 80 lakhs on one head, which will not in any way weaken our military power in India. Another item which has been attacked in the House as well as outside is the transportation charges. Transportation charges between two partners, England and India, should have been divided into equal parts. But we are paying the lion's share and England contributes only a small portion. We demand, Sir, as an act of bare justice, that one half should be paid by India and the other moiety by England. By this we can effect a saving of something like 40 lakhs.

There is a third point which has never been urged before. While we pay for all sorts of training of the Army in England, we never receive any payment from the War Office for the education that we impart to the armies in India. During their stay in India we spend a lot of money on their education. For instance, the Quetta Staff College is not closed to

the English section of the Army. It is not reserved for the Indian portion of it. We get absolutely no contribution from England. This head ought to pay something.

There is another item which has also not been urged before, and it is the military pension charges that we pay. It is strange that of all persons the Honourable the Finance Member should have come forward in the Assembly and taunted us with the fact that pensions are included in the ordinary defence budget. Who is responsible for that? It is a fact that in England the Ministry of Pensions is quite separate from Defence, but it is because they had to make such enormous effort on account of the War and they had to train up an army which was out of all proportion to their ordinary strength. It was a heavy charge and therefore they kept it apart and placed it as a special charge. The Finance Member charges us that our defence budget is augmented by that. May I ask, Sir, if the British Government in India has any authority from the Legislature to saddle India with this additional charge for pensions for those who were employed in the War? Not only were we saddled with the ordinary expenses of the army during the War, but we were asked to contribute £100,000,000 to England for war expenditure. In addition to that lump sum charge we are being charged every year for war pensions. I find from the figures that I have been able to collect that we were paying 1.09 lakhs in the year 1913 in India for pensions while we are paying 3.43 lakhs this year. In England we were paying £2.52 millions and now we pay, £3.73 millions on pensions. Our charge in India for military pensions has gone up by 215 per cent, while in England it has gone up by 50 per cent. We are charged extra for all this because we are not consulted on military matters. It is to perpetuate all these inequities, that the Federal Structure Committee is not going to transfer control of the Army to India, because they are afraid that these items will come up for review and they will not be able to exploit India for Imperial purposes.

My opposition is that this Bill should not be extended to 18 months. I aver that there is no justification for asking the House to impose taxation when the actual expenditure has not been before the House. It is a well-known canon of the English constitution that supplies are only granted when there is justification for giving them. According to the practice of the English Parliament, as is probably well known to Members of this House, civil estimates are placed before the House long before the statement of financial affairs is presented. Practically they are passed before the end of the year, and then the Statement usually comes up in the second half of April. When all the civil estimates and other charges have been voted by the House of Commons, then it is that the Finance Bill is brought forward. According to that precedent I claim that you have not taken the vote from us. We are not the persons to vote supplies, I know. But the Assembly ought to have been asked to pass the expenses and then you would have had the right to come forward and demand the voting of the supply. Otherwise, the occasion for it does not arise.

My next objection to this Bill is that you simply increase the salt tax, income-tax, postal charges and customs duties. Whether according to the written law or according to tradition, these items are voted each year. There is no intrinsic merit in voting every year these items. Probably you are following simply the English custom that these things should be voted each year. It might be said that I need not be so particular about keeping up those traditions. But then you deprive us of the right to revise these

[Mr. Abu Abdullah Syed Hussain Imam.]
things. We are not given an opportunity to vote on the items. For instance, you do not ask us to fix up the schedule for the different incomes that will be taxed, the different limits, like 1,000 to 2,000, or 2,000 to 5,000, etc., and the incidence of super-tax. You are not coming forward with the whole of the income-tax proposals so that the House could vote on each and every item as it has a right to do. By this means you are depriving us of our constitutional right to revise the incidence of taxation each year. It is to say the least unconstitutional.

Now, Sir, it has been said that the balancing of the Budget is essential. We are all at one with you, but we suggest to you that there are other means of balancing your Budget. As I pointed out yesterday, there is no justification for having the Sinking Fund provision at the figure that you have got it this year. When you take away the liability of the Railways to pay to us, you should, as a business deal, at least transfer that amount of the Sinking Fund, which we are paying on account of the Railways, to the Railway account. What is the good of having a commercial department separately if it is not going to be run on commercial lines? The contribution that we were getting from the Railways was not so much a God-send to the general revenues, as it was a payment on account of the Sinking Fund, because three-fourths of our indebtedness is on account of the Railways. Our payment to this head of Reduction and Avoidance of Debt for this year is 6.90 lakhs. Out of that, I think not less than three-fourths is on account of the Railways. When the Railways are absolved from any contribution to the general revenues it only stands to reason that they should also take up this liability from us. As I pointed out, we are paying 2.13 lakhs for railway annuities. That is a charge that should properly be placed to the Railway head. When the Railways are not paying anything to us, why are we paying 27 lakhs for the Railway Sinking Fund, as is shown in the Memorandum? The reason for all this is because the commercial department cannot afford to pay us. When they had an enormous reserve fund of 25 crores they did not pay us anything extra. They were not even asked to absolve us from paying the interest on their Reserves. The Railways started deteriorating not this year alone, but since the last three years. They have been living upon their capital, and yet it is only this year that they are coming forward with economies. As long as they had the money, they squandered it and the Legislature had nothing to do with them. They thought that they were living on their own income and therefore none need bother about it. But now that their condition has gone so low, that they have eaten up all their reserve of 25 crores and are going to dip to the extent of 1.69 crores into the depreciation fund, you come forward and absolve them from paying any amount to us. I do not question the right of the Government to do that. They are perfectly justified in doing it. But my grievance is that we should not have been saddled with these two items which we are contributing for the Railways. According to the English precedent, where the sinking fund provision has been reduced to absolutely contractual liabilities, we should also have paid only 1.79 crores to meet the liability which falls on our shoulders on account of the 5 per cent. loan, for which we guaranteed to make a sinking fund provision. If we effect this change the result will be that our expenses will go down by 5.36 crores for 1932-33 and you effect a retrenchment of 10.47 crores in two years. The other items I have cited of reduction in military expenditure would also contribute a handsome sum to reduce your liability of 39 crores.

In addition to that, Sir, I have got to make a reference to another head which I am rather afraid of making. It may be thought that I am trying to inflate the currency. Contraction of currency has been effected to the extent of 126.5 crores between the 1st April, 1925, and the 20th September, 1931. This I take from the statement made by the Right Honourable the Secretary of State for India in Parliament. Such enormous contraction was effected to keep up our exchange value at the point at which it was unnaturally placed by the British Government of India. And the justification for the contraction was, that because we had to sustain the gold value we had to contract currency and we had to keep down the prices. Now both those justifications have gone, and we have neither to keep down prices nor have we got to maintain the falling exchange. Our exchange has already gone above the figure at which it was fixed. You had linked the rupee to 1s. 6d. sterling. Now it has gone up to 1s. 6-3/32d. So there is no justification for going on making contractions in the currency. Well, as our experience is, with the Government of India neither theoretical argument has much value, nor has practical suggestion any value. But what is of great value, what accounts for 80 per cent. of the marks, is whether the Government have accepted it or not. I am glad to find that the Government have already accepted it in practice, though they have not made any statement about it. Whereas we had 10.19 crores only of securities in our Paper Currency Reserve on the 31st March, 1931, from the last return I had on the 22nd of this month I find that the securities in the Paper Currency Reserve were 28.52 crores; a betterment of 18 crores has already been effected in the Paper Currency Reserve. That means that we are going to receive more money from the head Currency and Mint than last year to the tune of about a crore if it is worked for the whole year. This is what the Government has already done of its own initiative. If this policy is further pursued and even a partial relief is given to India by reducing the contraction even by one-third, we will have a betterment from the Currency Department of 2½ crores which will go a long way to reduce your deficit. The policy of salt credit does not come into the measures of taxation and we have absolutely no objection to that. As far as the postal rates are concerned, which you are imposing for 18 months, the report of the Postal Department Committee has not been given effect to this year, neither is it proposed to give full effect to it in the next year. The basic recommendation of theirs that it should be further looked into, how many of the post offices are useless and can be dispensed with, has not yet been evaluated, and therefore we have not got the justification that our Post Office income will be so low as to justify this increase of postal rates. There is a genuine difference of opinion, Sir, on the thoroughness of the retrenchment effected by the Government department. If they get the conviction that they have got to make this retrenchment, they can do much better than we outsiders of the Retrenchment Committee can. I admit, Sir, that we are effecting retrenchment simply by bringing it home to the Department concerned that retrenchment is essential, and nothing more can we do. All our ideas and most of our measures come from the Departments themselves. But we find that as long as they have got the supplies, they sit tight, and do not bother about reducing expenditure. It is only when they find that they cannot manage, and it is absolutely essential somehow or other to balance the Budget, that they get busy and come forward with handsome proposals which really effect retrenchments. A good example of this has been given by the Finance Member himself by suggesting that 1.46 crores can be reduced in the expenditure of the Departments not

[Mr. Abu Abdullah Syed Hussain Imam.]

surveyed by the General Purposes Retrenchment Committee. That suggestion of the Finance Department, about the expected retrenchment, came rather late in the day. Had it come up by the end of the last Delhi Session I am sure a good part of it could have been given effect to even this year. Our only trouble is that we cannot convince the members of the Government and the heads of Departments of the absolute necessity of effecting retrenchment. As soon as they are convinced, they can do much better than we, because after all we do not know the internal working of the departments as they do. Now, Sir, I have tried to show that the justification for extending this Bill to the next year is not proved, and therefore I hope the Finance Secretary will try to substantiate his statement that it is essential, because we know he cannot accept the amendment, but at least he can convert us.

THE HONOURABLE SIR ARTHUR McWATTERS: Sir, the effect of the amendment which has just been moved is exactly the same as the motion made by my Honourable friend Rai Bahadur Lala Ram Saran Das that clause 2 be omitted, and as I have already dealt, I hope convincingly, at any rate to some people, with that amendment, I do not propose to go over the argument again. The speech to which we have just listened is one to which if I were to attempt to give a full reply I should have to occupy the time of the House for quite as long as, if not longer than, the Honourable Member has. I should like very much to deal with his proposal for debiting the Railways with a certain proportion of the Sinking Fund. How exactly that is going to help us at this juncture or help to improve our Ways and Means position is a little difficult to see. Again in regard to the question of expanding the currency, it is all very well to adopt a policy of expansion of currency, but you must take all the circumstances of the time into consideration. As the Honourable Member has recognized, we have been expanding the currency; but to suggest that we can adopt that as a fixed policy and go on doing it until we have reduced the contraction by one-third irrespective of what the conditions of the time may be, is a suggestion which from the financial point of view might be a little rash. At any rate I myself should not care to base my estimates of expenditure and revenue next year upon estimates of that kind. The Honourable Member at the beginning of his speech said that I had not based my objection to this proposal on financial grounds. I assure him that all my objections are financial and that is the main reason why I oppose his amendment.

THE HONOURABLE THE PRESIDENT: The original question was:

"That clause 2 do stand part of the Bill."

Since which an amendment has been moved.

"That in clause 2 for the word and figures 'March, 1933' the word and figures 'March, 1932' be substituted."

The question I have to put is that that amendment be made.

I think the Noes have it.

THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM:
Ayes.

THE HONOURABLE THE PRESIDENT: Does the Honourable Member want a division?

THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM:
Yes, Sir.

The Council divided :

AYES—9.

Aiyangar, The Honourable Mr. K. V. Rangaswamy.
Banerjee, The Honourable Mr. Jagadish Chandra.
Ghosh Maulik, The Honourable Mr. Satyendra Chandra.
Halim, The Honourable Khan Bahadur Hafiz Muhammad.
Hussain Imam, The Honourable Mr. Abu Abdullah Syed.

Jagdish Prasad, The Honourable Rai Bahadur Lala.
Naidu, The Honourable Mr. Y. Ranganayakalu.
Ram Saran Das, The Honourable Rai Bahadur Lala.
Sinha, The Honourable Kumar Nripendra Narayan.

NOES—25.

Akbar Khan, The Honourable Major Nawab Sir Mahomed.
Basu, The Honourable Mr. Bijay Kumar.
Browne, The Honourable Mr. P. H. Charanjit Singh, The Honourable Sardar.
Chetti, The Honourable Diwan Bahadur G. Narayanaswami.
Chimman Lal, The Honourable Rai Bahadur Lala.
Commander-in-Chief. His Excellency the.
Devadoss, The Honourable Mr. M. D. Drake, The Honourable Mr. J. C. B. Emerson, The Honourable Mr. H. W. Fazli-Husain, The Honourable Khan Bahadur Mian Sir.
Ghosal, The Honourable Mr. Jyotsnanath.

Israr Hasan Khan, The Honourable Khan Bahadur Sir Muhammad.
Jalan, The Honourable Rai Bahadur Radha Krishna.
Lloyd, The Honourable Mr. A. H. McWatters, The Honourable Sir Arthur.
Miller, The Honourable Mr. E. Mitter, The Honourable Sir Brojendra. Muhammad Din, The Honourable Khan Bahadur Chaudri.
Natesan, The Honourable Mr. G. A. Noon, The Honourable Nawab Malik Mohammad Hayat Khan.
Shillidy, The Honourable Mr. J. A. Thompson, The Honourable Sir John. Watson, The Honourable Sir Charles. Whitty, The Honourable Mr. J. T.

* The motion was negatived.

THE HONOURABLE THE PRESIDENT: The question then is :

"That clause 2 do stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill.

THE HONOURABLE THE PRESIDENT: The question is :

"That clause 3 do stand part of the Bill."

The motion was adopted.

Clause 3 was added to the Bill.

THE HONOURABLE THE PRESIDENT: The amendments on the paper to clause 4 are consequential on amendments which have been proposed to Schedule I of the Bill and I think therefore it will be convenient if we now at this stage turn to Schedule I and deal with the amendments.

The question is :

"That Schedule I be a Schedule to the Bill."

I call upon the Honourable Member (Rai Bahadur Lala Ram Saran Das) to move together his amendments Nos. 18 and 21.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: I beg to move, Sir :

"That in Part I of Schedule I to the Bill amendment No. 1 be omitted."

THE HONOURABLE THE PRESIDENT: I asked the Honourable Member to move the two together, that amendments Nos. 1 and 6 in Part I of Schedule I be omitted. They are dependent on one another.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS:

"Also that in Part I of Schedule I to the Bill amendment No. 6 be omitted."

Sir, I will take amendment No. 6 first, if you will allow me; and in that connection, Sir, I want to impress upon this House that the proposed tax on raw cotton is quite uncalled for and not in the interests of the industry of this province. As far as cotton is concerned I might for the information of this House state that I happen to be a zemindar as well as an industrialist. I was one of those who undertook the venture of growing long staple cotton in the Punjab as early as 1901 and 1902. In the first place, Sir, in my own estate I grew the Egyptian variety. The then Director of Agriculture, Mr. Renouf, very kindly gave me all the expert advice that he had and the Agricultural Department of those days supervised the crop. The result of the three years in which the Egyptian cotton was on trial was not very satisfactory. In the first year, we got more of the tree and leaves than the cotton. In the second year, and owing to experience gained, we got a good quality of cotton but it was not commercially or agriculturally a success, and the result was that in all these three years I had to compensate the cultivators and others who had incurred a loss. Thereafter, Sir, American varieties were tried and the variety which we might compare to 4f became a success. At that time, Sir, when it became a success the zemindars only looked to the yield per acre and not to the quality and some inducement to grow American cotton and to compensate them in the difference of yield was required. At that time, Sir, for some years I was giving a premium of one rupee per maund on kuppas and after a period of 5 or 6 years the growing of Punjab-American was taken up on a large scale and now you find, Sir, since 1926 we have been exporting some of the surplus we had after meeting the demands of the Indian mills. In his speech the Honourable the Finance Member said that we can still improve on the Americans that we are growing. As far as the Punjab is concerned, Sir, we are growing three varieties of improved stapled cotton and these three varieties are 4f, 285f and 289f. As far as 289 and 285 are concerned, the yield in the Punjab is very meagre. These varieties have not proved a success to every grower. To some growers they are a success and to others they are not. But the yield is so small at present that we are doubtful whether this variety will continue to be more and more popular. This is the variety, Sir, in which the length of the staple is about one inch and a sixteenth. But generally 4f is the quality which we grow, the staple of which varies from 7/8ths of an inch to an inch. For the information of the House, Sir, I might say that the experiments with superior cottons to the American, I mean the Egyptians, have proved a failure. They have proved a failure in Sind, they have proved a failure in the Punjab. Of course, efforts are being made to solve the problem of climate and other things but I think, Sir, even in case we make it a success by artificial efforts, it can never be a commercial success. For our fine counts we shall have to depend on foreign cotton and to deprive India of foreign cotton by imposing this duty is quite unjustifiable and quite a discouraging factor in the thriving of the cotton industry. In the Tariff Board Report, Sir, we find that they recommended that the condition of the Indian cotton industry will improve in case the Indian cotton mills begin spinning fine yarns with imported cotton. And it was on that recommendation that fine

spinning was started in Indian mills. I might at the outset say, Sir, that as far as my own spinning mills are concerned, I do not use imported cotton because I am not so well situated as to compete with other mills which are nearer to the ports, but I can say, Sir, that this theory that by importing better staple foreign cotton we injure the zemindar is a farce. This is an argument that cannot stand because we have not got the climate, we have not got the conditions, and we have not got the soil for it. For the information of this House, Sir, I might mention that the finest cotton that is grown in the world is the Sea Island cotton. The Sea Island cotton, Sir, is grown in the West Indies, and the staple of that cotton is up to $2\frac{1}{2}$ inches long. It spins as fine a count as 600's. Then after the Sea Island cotton, we get the Egyptian cotton, which is the next best. In the Egyptian cotton the best quality is Sakal, the staple of which is 1.4 to 1.7 long, and that can spin up to 250's. The upper Egyptians have a staple 1.1 to 1.3 and the count spun is from 120's to 140's. Then after that comes the Soudan cotton and as far as the area near Egypt is concerned the quality is as good as Sakal but in the lower area American cotton is sown and even that cotton spins as good counts as 80's. We then come, Sir, to the East African cotton which comprises the Uganda cotton, the Tanganyika cotton. . . .

THE HONOURABLE THE PRESIDENT: I can hardly believe that this lecture on the cotton of the world is necessary for the Honourable Member to elaborate his argument that his amendment should be accepted by the House. It may be very interesting but it is hardly relevant.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Sir, I simply beg to state as against the argument which has been put forward in imposing this extra taxation on imported cotton, I thought it my duty to inform the House how the staple and the quality of our cotton, the American and other superior cottons, which we are producing in India, stand. I am simply giving these figures.

THE HONOURABLE THE PRESIDENT: The Honourable Member is not giving the figures simply at all. He is giving them with a great elaboration of detail.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Very well, 12 noon. Sir, I will leave out greater elaboration and I will come to my point. It is that in India, taxation on raw materials is against the policy, so far established, of the Government of India. The Indian Fiscal Committee definitely laid down that it was not expedient to tax the raw material of an industry. The Taxation Enquiry Committee also recommended a lowering of the duties on the raw materials of an industry where such duties existed. The matter therefore requires fuller examination. In India we produce from 6,000,000 to 7,000,000 bales of cotton, out of which the superior cotton, the long staple cotton, is not more than 100,000 bales. The consumption of cotton by the mills in India, as far as the two seasons of 1929 and 1930 are concerned, was very low. It was the time when the Indian mills were not prospering. The Honourable Sir George Schuster in his remarks yesterday said that the cotton industry was the only industry which was now thriving. It was thriving because at the instance of the recommendations of the Tariff Board they adopted fine spinning. From the figures that we have before us we even now find that they have not regained the position which they enjoyed some time back. In the year 1929-30 the total consumption of cotton in the Indian mills was 28,73,000 bales. In 1924-25 this went down to 98,700 bales

[Rai Bahadur Lala Ram Saran Das.]

But, Sir, the figure of the year 1929-30, in which the consumption of Indian cotton rose to 25,73,000 bales, has not yet been reached. That shows that the so-called thriving of the Indian mills, to which the Honourable the Finance Member was referring yesterday, is not, with due deference to him, in order. As far as the Bombay mills and the other Indian mills are concerned, in case they regain their former consumption of their good days, I think they ought to consume something like 25 lakhs of bales.

Now, Sir, the imports of Uganda cotton into India—I am referring to that particular cotton because after the recommendation of the Tariff Board, the use of that cotton has been rather popular. In 1928, 85 per cent. of Uganda cotton went to Great Britain, 9 per cent. to Japan and 56 per cent. to India. In 1929, 22 per cent. went to Great Britain, 18 per cent. to Japan and 60 per cent. to India. In 1930, 7 per cent. went to Great Britain, 5 per cent. to Japan and 88 per cent. to India. This shows that the demand for Uganda cotton in India has been steadily on the increase. As far as the demand for fine cotton is concerned, we have no other course than to import either American or Japan or Uganda cotton. Our own Punjab-Americans, which spin from 20's to 24's—we are producing such a quantity of them that we have a surplus for export. In the year ending August, 1926 we exported 11,188 bales; in 1927, 3,762 bales; in 1928, 13,085 bales; in 1929, 7,471 bales, and in 1930 we only exported 775 bales. This fall in surplus shows that American cotton, instead of getting better, is not doing well in the Punjab. The crops are subject to all sorts of agricultural difficulties. Sometimes the Boll worm comes in, sometimes there are adverse winds, and sometimes there is premature cold, and the result is that the finest qualities of the Punjab-American 285f and 289f are getting less and less. Then, as far as the mill industry is concerned, as I said yesterday, the Government ought not to be a party to give it a set-back. In case you put on this duty, it means that you discourage the import of long staple cotton into India, you throw so much labour out of employment in the Indian mills which of late have been employed, and last but not least, you are giving a preference of about 12 per cent., thus enabling Lancashire to compete in fine counts.

Sir, in no civilised country in the world,—take England itself for example—is any raw material, which is imported, and the import of which is necessary, taxed in this manner. For these reasons, I put my amendment before the House for acceptance.

Now, Sir, the second item that I move is regarding the duty on machinery. . . .

THE HONOURABLE THE PRESIDENT: Machinery? I am confining the Honourable Member to the amendments dealing with raw cotton—Nos. 18 and 21. It is quite sufficient if the Honourable Member will move No. 18 on the final list. It is merely consequential.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: I move, Sir:

“That in Part I of Schedule I to the Bill amendment No. 1 be omitted.”

THE HONOURABLE THE PRESIDENT: Amendment moved:

“That in Part I of Schedule I, Item No. 1 and Item No. 6 be omitted.”

THE HONOURABLE SIR ARTHUR MCWATTERS: Sir, in opposing this amendment I should like to make it quite clear that I recognize fully the force of the argument used by the Honourable Mover that the policy of

admitting raw materials into India free is one which has been advocated by the Fiscal Commission and has hitherto been adopted as a policy by the Government of India. My answer is that there may be circumstances in which for the moment other considerations become more important, and such circumstances exist now. The imports of raw cotton last year have increased rapidly and our figures for the first six months of this year also show a progressive increase. It is clearly a source which in the present emergency could be made to yield an appreciable amount of revenue, and it is revenue, for which we are looking in this tax. Now, we have to ask ourselves whether the effect of this duty will be in the first place to impose an unbearable burden upon the Indian cotton industry. The Honourable Member spoke about labourers being thrown out of employment by this duty. I think that the House will agree that he was greatly exaggerating. From figures which have been put before the other House by the Honourable the Commerce Member, figures which have not been seriously challenged, it was shown that the effect of this duty on the cost of cloth made from imported cotton would be an increase of about 3 per cent., whereas the increase in the duty on imported cloth of the same class is 5 per cent. Therefore the makers even of this type of cloth are somewhat better off; at any rate they admit they are not worse off than if the duty were not imposed. Incidentally they are obtaining the benefit of the 5 per cent. increase on the whole of the rest of their production. Therefore, so far as the mills are concerned, even with this duty and the duty on machinery, they are better off—they would themselves admit that they are not worse off; I say they are better off, taking all this taxation together than if these various forms of taxation had not been imposed. Therefore, it is absurd to say that the measures taken as a whole are going to throw people out of employment in the Indian cotton industry.

In the second place, we have to ask ourselves whether our action will cause a serious set-back to the spinning of cloth of high counts which the Cotton Tariff Board said it was very desirable to develop. Well, Sir, I think it is exaggerating to use the language of the Honourable Member that we shall deprive India of foreign cotton. A light tax of this sort is not likely to deprive India of foreign cotton.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Is 12½ per cent. a light tax?

THE HONOURABLE SIR ARTHUR MCWATTERS: Relatively a light tax. The extra cost on the cloth is 3 per cent. The worst it can do is to deprive the mills of the extra stimulus which they would have obtained from the import duty on goods of this class. It is a set-off against the import duty, but it does not deprive India of foreign cotton, and I refuse to believe that it is going to give a definite and terrible set-back to the spinning of higher counts. The Honourable Member is an expert on long staple cotton, and therefore I am not in a position to argue with him about how far India can develop long staple cotton, but I think, speaking purely as an amateur, that he seemed to me to take rather a pessimistic view of the situation. But I do not base any argument for this duty

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: I have given you my practical experience.

THE HONOURABLE SIR ARTHUR MCWATTERS: I admit the Honourable Member's experience. That is why I am not arguing with him. I am merely saying that I am not affected by his argument because I am

[Sir Arthur McWatters.]

not basing my claim to the duty on those grounds, but, taking it by and large, this duty is one which should be accepted. It is one of the duties which are less good than others. I admit that. The same argument will apply to the next one. But taking it all round, it does not impose an intolerable hardship on the industry. I refuse to believe that it is going to have any very serious effects on it. Therefore I oppose this amendment.

*THE HONOURABLE NAWAB MALIK MOHAMMAD HAYAT KHAN NOON (Punjab; Nominated Non-Official): I rise to speak against the proposed amendment. I speak as a hereditary zemindar and I confess that I am neither a millowner nor a large proprietor. I assure the House, Sir, that zemindars throughout my province, the Punjab, will be pleased with the proposed slight taxation of foreign cotton. It is true that our American cotton grown in the Punjab is not as superior in quality as elsewhere, but very serious efforts are being made to improve the quality. It is also true that in one or two seasons in the past there was some decrease in the quantity of American cotton grown, but that was due to the fact that the crop of American cotton was attacked by the Boll worm, while the country cotton proved immune. But this year, again, American cotton has been sown in large areas and is giving a good return while the country cotton on the other hand has failed. The House is aware the zemindars are in a very bad plight and are hit hard by low prices and it is only fair that anything likely to bring some relief to zemindars should be encouraged. This slight tax on foreign cotton will act as an impetus to the Punjab zemindars to try and produce an improved quality of cotton. It is the principle of supply and demand. If there is a demand for superior cotton in the Indian mills and the foreign cotton is not imported, it is natural that zemindars will try to meet that demand and will try to produce cotton of the quality required by the Indian mills. With these remarks, Sir, I oppose this amendment.

THE HONOURABLE THE PRESIDENT: The original question was:

"That Schedule I be a Schedule to the Bill."

Since which amendments have been moved:

"That in Part I of the Schedule amendment No. 1 and amendment No. 6 be omitted."

The question I have to put is that those amendments be made.

The motion was negatived.

THE HONOURABLE THE PRESIDENT: That decision of the House carries with it the Honourable Member's amendment No. 6, which is that in the second proviso to clause 4, sub-clause (a) be omitted.

We now turn to machinery. The amendments relating to machinery are, No. 7, which is an amendment of clause 4, and amendments 19, 20, 22, 23 and 24, which are all amendments to the Schedule. Three amendments stand in the name of the Honourable Rai Bahadur Lala Ram Saran Das and two are in the name of the Honourable Rai Bahadur Lala Jagdish Prasad, who has overlooked the necessity of the consequential amendment

*Speech not corrected by the Honourable Member.

which appears as amendment No. 24 in the final list. Perhaps he would move that one as well if I call upon him to move amendments Nos. 19 and 22.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD (United Provinces Northern: Non-Muhammadan): Sir, I move:

"That in Part I of Schedule I to the Bill amendment No. 3 be omitted."

Is that all, Sir?

THE HONOURABLE THE PRESIDENT: Amendment No. 22 (relating to amendment No. 11 in Part I of Schedule I).

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD: I also move:

"That in Part I of Schedule I to the Bill amendment No. 11 be omitted."

THE HONOURABLE THE PRESIDENT: And No. 24.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD:

"And that in Part II of Schedule I to the Bill the following be omitted:

'(2) Machinery, comprised in Items Nos. 59A, 59B, 59C and 59D'."

Sir, the object of my amendment is that machinery should not be subjected to customs duty. As you know, machinery is not at present subject to an import duty, but this Bill seeks to bring machinery on the list of those articles which are subject to customs duty. My object therefore is that machinery should continue to be exempt from import duty. You know, Sir, that India has to import machinery from abroad for her industries which are still in their infancy and also for agricultural development on scientific lines, and the outturn of machinery in India is very poor. We also know that India is principally an agricultural country and that the development of industries is India's desideratum. It therefore follows that if in future machinery is subjected to customs duty it will make the import of machinery from abroad very costly and, knowing as we do, that the purchasing power of the people has fallen so low, it follows that an import duty on machinery will retard our agricultural and industrial development to a considerable extent. So far as my information goes, in no other country is the import of machinery taxed. I therefore propose that, in the interests of our industries and the development of agriculture, machinery should continue to be free from import duty and should not be subjected to such duty for the future.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Sir, I rise to support the amendment moved by my Honourable friend Rai Bahadur Lala Jagdish Prasad. In supporting the amendment, Sir, I am afraid that the principle underlying this taxation is discouragement of industries. It is only by machinery that we can compete in various methods and avoid the imports from foreign countries. My impression about which I was doubtful whether I was right or wrong is now confirmed and from the silence of the Honourable the Finance Member yesterday I am now almost certain that discouragement of Indian industry is being dictated by the Secretary of State, and though the Government of India do not wish to do it their hands are being forced. It is a pity, Sir, that in these days of depression, in the days when unemployment is increasing, Government should move in a manner by which they add to the unemployment. On

[Rai Bahadur Lala Ram Saran Das.]

the very principle that the Government of India want that the industries of India should thrive this action is to be regretted. Agriculture needs machinery; other industries need machinery and the taxes on machinery will retard our progress. On that ground and on the bigger ground that industries must be encouraged I support the amendment.

THE HONOURABLE MR. BIJAY KUMAR BASU (Bengal: Nominated Non-Official): Sir, generally speaking, I have very little occasion to differ in my opinions from my Honourable friend, Lala Ram Saran Das, but I am afraid that in this particular amendment regarding machinery, we seem to hold divergent views. I cannot really understand the objection that has been raised to imported machinery being taxed. After all, if we consider that the prices of machinery have fallen to nearly a third of what they were about a decade ago, this 10 per cent. duty should be considered absolutely trivial.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Question, question. The price of machinery has gone up. After the war prices have gone very high and the level of prices to-day has not come down to the pre-war level.

THE HONOURABLE THE PRESIDENT: Order, order. The Honourable Member is making a speech. The Honourable Mr. Basu.

THE HONOURABLE MR. BIJAY KUMAR BASU: I was comparing the prices that rule to-day with the prices that were ruling a decade ago, and I am afraid that this proposal to have machinery tax free is the outcome, I am sorry to say, of canvassing by cotton mill industry people, and we are led to believe that the cotton mill industry and the cotton mill industry only is our only national industry.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Is it not so?

THE HONOURABLE MR. BIJAY KUMAR BASU: What about the engineering and machinery industry in India I ask. I am prepared here and now to give the Honourable Member a list of at least 40 well known engineering firms in and around Calcutta which have been compelled to compete with tax-free machinery, when their raw materials out of which they produce their machinery, their manufacture, are taxed.

THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM: What are the raw materials, Sir, of the engineering firms?

THE HONOURABLE MR. BIJAY KUMAR BASU: The raw materials necessary are certain kinds of steel, copper, alloys, and I have got a list here which I will give to my Honourable friend; pig-iron, steel, non-ferrous metals, brass, copper, lead alloy and those things. I am not an expert in machinery, but this I know that the raw materials are taxed; and if you calculate the handicap on all these materials it practically constitutes a handicap of about 7 per cent. of their manufacture. The result is that they cannot possibly compete with tax-free machinery when they have got this handicap on. I do not want protection for these machinery firms; I only want that justice should be dealt out to them. This 10 per cent. duty on imported machinery would only put them on the same level. That is all.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: What are the machineries manufactured in India and what is their worth?

THE HONOURABLE MR. BIJAY KUMAR BASU: I am afraid I cannot give you the figures because I do not know them myself but I know this that lots of machinery are manufactured for jute mills, for cotton mills, and also for other concerns.

(The Honourable Rai Bahadur Lala Ram Saran Das again attempted to interrupt.)

THE HONOURABLE THE PRESIDENT: Order, order. The Honourable Member must understand that if every Member of this House interrupted every time he heard a statement made with which he disagreed there would never be any debate here at all. The Honourable Member is extremely fond of interrupting particularly on matters on which he feels strongly. I must ask him not to interrupt. He has made his speech and he has no right to another one.

THE HONOURABLE MR. BIJAY KUMAR BASU: I thank you very much, Sir, for having asked the Rai Bahadur not to interrupt and I think also that the Rai Bahadur has a right of reply as the mover of the amendment, so he will have another opportunity of speaking.

THE HONOURABLE THE PRESIDENT: No.

THE HONOURABLE MR. BIJAY KUMAR BASU: Then, Sir, another point which I want to make is that the admittedly biggest political organisation of our country, the Congress, has imposed a condition, I understand, on the cotton mills that they should use spare parts for their machinery as far as possible of Indian manufacture. I ask, do you encourage the manufacture of those spare parts in India if you do not tax imported machinery. You have to encourage more production to give effect to your own dictum. These machinery industries round about Calcutta—and I do not know about other provinces, Sir,—have not been able to put their case before the Assembly or before this House because I think they have not yet learned that art of agitation which alone pays with this Government. It is the principle of the crying child getting the milk and these people have not yet learned how to cry. If you just consider the balance sheets of these various companies for a period of years, you will find the dismal tale unfolded. Most of them have not been paying concerns at all. Some of them had to wind up their business and others are on the verge of closing down. I attach the greatest importance to the growth and expansion of machinery concerns in India and if India's dream of industrial autonomy is at all to materialise you must encourage technical training which is only afforded in machine shops and engineering factories much more than in jute mills or in cotton mills.

There is only one other point, Sir, which I am sure will appeal to my Honourable friend, Rai Bahadur Lala Ram Saran Das, and every nationalist in this House. The fact that the newspaper of my city which claims for itself the largest circulation in the land, which calls itself the "Statesman" in very big capitals and the "Friend of India" in very small letters declared that it is necessary in the interests of India that machinery should be imported tax-free. That alone ought to convince

[Mr. Bijay Kumar Basu.]

my friend the Rai Bahadur and the other gentlemen of nationalistic tendencies here that we will be quite right if we go contrary to it; opinions.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE (East Bengal: Non-Muhammadan): May I ask to which party my Honourable friend, Mr. Basu, belongs? A nationalist party?

THE HONOURABLE MR. BIJAY KUMAR BASU: I do not think I am called upon to answer that question and, if I may say so with the utmost possible respect to my Honourable friend, the question is considered to be impertinent.

THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM: Sir, I had no intention of speaking on the machinery amendment, but the remarks of my Honourable friend, Mr. Basu, have compelled me to come forward and speak a few words. If anyone says that Bengal wants to be trained in agitation, I think he forgets his history. It was Bengal that taught us all over India how to do the job, and if they have forgotten their own lesson it is high time they should be compelled to remember it again.

THE HONOURABLE MR. BIJAY KUMAR BASU: We have fallen on evil times.

THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM: Now, Sir, as regards the other point he urged that raw materials for machinery are taxed. I should like to remind him that we have the colossal firm of Tata's Iron and Steel Works which supplies the raw material and which has got surplus steel which it cannot dispose of fully, this can be utilised by the engineering firms. Tungsten is the material which is utilised for the manufacture of the highest form of machinery and most of it is exported out of India. That too can come up tax-free. Manganese could also be produced. Pig-iron is so much in abundance that it is exported every year from India. I should like to say a few words more about this point. These machineries were a thing that were a closed book as far as Government taxation was concerned. All our tariff reform policy is based on the Fiscal Commission Report, which always used to be sponsored by my Honourable friend, Sir Maneckji Dadabhoy. They laid down the principle that on no account, and for no possible reason, should the machinery be taxed, not even for revenue purposes. The reason being, that they regarded it as one of the basic principles; and they based their whole fiscal policy on it, but if you take out that foundation stone of the structure, you are really causing the whole thing to crumble. Machineries are not taxed in other countries as well, because they go to increase the productive power of the land. I should be excused for again referring to the English budgets but there the first criterion which is applied to each item of new taxation placed by the Government, is whether it will help the industry or mar it. It is because of this fact, that they have always kept themselves in the forefront, and have been able to manage their affairs so well, that their income-tax has not fallen in the same ratio as our income-tax has fallen within the last ten years of the Reforms. That is the one criterion which proves conclusively whether the country is in a prosperous condition or not. I am sorry, Sir, I have not been able to find—perhaps it is due to my ignorance—any returns published by the Government

which will show to me in the same clear terms as is shown in England the amount of income taxed each year and for each class. In America a statement on these lines is published. Perhaps there might be a publication of this sort by the Department of the Honourable Mr. Lloyd but I have not seen it and I plead my ignorance. If I had seen it I would have quoted those figures to show how far our income has fallen; and if the statement of mine that our income has fallen is incorrect I should like to be enlightened of the actual facts of the case. That is the best criterion to show whether your tax is producing wealth or marring the production of wealth. The primary function of the Government is to increase the production of wealth. Taxation simply means taking out the money from one pocket and putting it into another pocket—taking it from the pockets of my non-official friends on my right and putting it into the pockets of the official gentlemen on my left. That does not increase the total wealth of the country, and the best Governments are those which help to increase the wealth of the country. Looking at it from that point of view, this taxation will have a deterrent effect. Also, our machinery is mostly imported from America and Germany, and to a certain extent from England. Leaving aside England, and taking into account America and Germany, their prices have already gone up by nearly 30 per cent. on account of the devaluation of the rupee and now a further burden to the extent of 13 per cent. is being imposed. The rupee value has already increased by 30 per cent. and the tax on that is 13 per cent. so that 43 per cent. increase is not a minor factor. It cannot be brushed aside as an ignorable thing.

Then, Sir, it was pointed out that the cotton industry is not the main industry. I am afraid that with the exception of jute

THE HONOURABLE MR. BIJAY KUMAR BASU: I did not say that. I said it was not the only national industry.

THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM: As far as the national industry is concerned, the only industries which employ labour to a very large extent are our cotton and jute mills. Jute is our monopoly production. There we have got the monopoly of the world. We can dictate our terms, but even there we find that the depression of the outside world has compelled us to reduce our prices to such an extent that the jute mills are now running at a loss. The only other industry which the Honourable the Finance Member said was in a prosperous condition is the cotton industry. Perhaps that prosperity did not very well please them and therefore they do not want that it should go on prospering. So, this duty has been imposed. There is no doubt that the cotton industry is in a prosperous condition and if these measures to bring it down to the dust had not been taken, it would have prospered better. You will remember that on the prosperity of the Bombay mill-owners depends your income from income-tax. If you deteriorate it with one hand, you will also cause the income-tax to fall below the level on which it would be if these taxes had not been imposed. You cannot decrease the profits of the industry and realise a higher amount of taxation. These points could be very well dealt with by my Honourable friends Mr. Miller and Mr. Browne, who are concerned in the industry. They could show how far taxation on the primary requisite will reduce the income of the manufacturing class. Government have tried to tax the last morsel out of our mouth and the last rag on our backs. That is all they have done.

THE HONOURABLE SIR ARTHUR McWATTERS: Sir, I have to oppose this amendment, and my position is very much the same as it was in opposing the amendment regarding raw cotton. It has been in recent years the policy of the Government of India to admit machinery free of duty. In former days there was a duty on machinery, but that has been, as a matter of policy, removed. The Government of India have taken the view that there are special circumstances which may override even a matter of policy of that kind, at any rate for the time being, and one of the circumstances which makes it in this particular case more justifiable is the fact that the general rate of import duty has been raised in very recent times from 15 per cent. to 25 per cent. They took the view that in these circumstances there was less objection to imposing a tax of 10 per cent. on machinery.

There are one or two remarks made in the course of the debate which I think require a certain amount of correction. I think that the Honourable Rai Bahadur Lala Ram Saran Das was inclined to exaggeration when he spoke about the "principle of destroying Indian industries". I do not think that anybody has approached this matter with the desire to destroy anything. We regret to have to do things, but we certainly do not do them with the desire of destruction. Then again we heard about the agricultural industry being injured and destroyed. I would like to point out that the greater part of agricultural machinery is still admitted free. If Honourable Members will look at Items 15 to 18 of the Import tariff, they will find that the most important types of agricultural machinery are still free. They are not covered by this amendment which imposes new duties. It is therefore important to look at this matter with more sense of proportion. Then again, the new duty, though it may be harmful in some cases, will have in practice some good effects as the Honourable Mr. Basu pointed out. It is not a point I wish to stress unduly because that is not the object with which this duty has been imposed, but certain classes of manufacturers in India will obtain some advantage from it. I am afraid I must oppose the amendment.

THE HONOURABLE THE PRESIDENT: The question is:

"That in Part I of Schedule I, amendments Nos. 3 and 11 be omitted, and in Part II of Schedule I, the words '(2) Machinery, comprised in Items Nos. 59A, 59B, 59C and 59D' be omitted."

The motion was negatived.

THE HONOURABLE THE PRESIDENT: That disposes of amendments Nos. 19, 20, 22, 23 and 24 and also carries with it amendment No. 7 to clause 4.

The question then is:

"That Schedule I be a Schedule to the Bill."

The motion was adopted.

Schedule I was added to the Bill.

THE HONOURABLE THE PRESIDENT: The question is:

"That clause 4 do stand part of the Bill."

The motion was adopted.

Clause 4 was added to the Bill.

THE HONOURABLE THE PRESIDENT: The question is:

"That clause 5 do stand part of the Bill."

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD: Sir, I move:

"That in clause 5 the word 'salt' and the words and figures 'under the Indian Salt Act, 1882, or' be omitted."

Sir, the object of my amendment is that salt should not be subjected to a surcharge of 25 per cent. as is sought to be imposed on it by this clause. The reason why I want this commodity exempted from the proposed surcharge is that salt is a prime necessity of life which even the poorest man cannot do without. And India being the poorest country in the world, it follows that a tax on salt affects the poorest of the poor. My Honourable friend Nawab Sir Akbar Khan of Hoti opined yesterday that the rich and the poor should alike be taxed, but I emphatically disagree with him on this point. It may be that this difference of view between him and me is due to the fact that he is a nominated Member while I happen to be an elected one, but the difference is there. I fail to see how it can be advocated with a clear conscience that those also should be taxed who cannot afford even two meals a day.

THE HONOURABLE MAJOR NAWAB SIR MAHOMED AKBAR KHAN (North-West Frontier Province: Nominated Non-Official): Does the law make any difference? Is there one law for the rich and another for the poor?

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD: My Honourable friend suggests that the law should make no difference. But with due respect to him I beg to say that although in the eyes of the law the rich and the poor are alike, here the question is of taxation and not that of law. I think when you are imposing fresh taxation you must differentiate between the rich and the poor; you must see that those alone are taxed who are able to bear the burden of taxation easily.

Salt in India, Sir, is not already free from tax. As you know, it is subject to a duty of Rs. 1-4-0 a maund at present. I understand that in 1915 and 1916 the duty on salt was Re. 1 a maund. Then in 1921-22 it was increased to Rs. 1-4-0 a maund. In 1922 and 1923 there was a popular demand for the abolition of this duty and I understand that the Legislature then did not pass the duty. But by His Excellency the Viceroy's certification the tax of Rs. 1-4-0 was restored. But the agitation against the salt duty continued, and in 1929 this tax was reduced to Re. 1 a maund. In 1930, however, the duty was again raised to Rs. 1-4-0 a maund and was retained at that level in the current year. The history of this tax shows that it has always been opposed by the public. Only a short time ago the Congress launched on a *Satyagraha* campaign on account of the salt tax. There were, as you know, regular raids on salt depots. Thousands went to jail on this account and there were numerous *lathi* charges. The agitation was country-wide. But it is a pity that the Government have not profited by the experience of these disturbances and, what is worse, the salt duty is now going to be increased by 25 per cent., which will bring the tax to Rs. 1-9-0 a maund. Apart from the fact that the increased duty will, as I have already stated, affect the poorest of the poor, the Government by this action will be

[Lala Jagdish Prasad.]

giving a fresh handle for further agitation. I do not think that considering the present circumstances of the country, it will be a wise step on the part of the Government.

From the point of view of public health too this duty is objectionable. For we know that when the duty on a commodity increases its consumption decreases and *vice versa*. This point is corroborated by the fact that in 1908 when this tax was reduced by 8 annas the result was that the consumption of salt rose by 20 per cent. Now when the duty is going to be increased it is likely to be followed by a decrease in consumption. This, Sir, will not I think be good from the point of view of public health.

Then, Sir, the apprehended decrease in the consumption of salt is sure to result in a loss to Government revenue. So from the revenue point of view also the proposed duty does not seem to be a sound proposition.

It may be argued on behalf of the Government that this increase in salt duty is only an emergency and therefore a temporary measure. But past experience shows that whatever the professions of the Government in this behalf may be, once a tax is imposed it is seldom remitted. On the contrary, it is augmented from time to time. So a profession of this nature on the part of Government can only be accepted with great caution.

Sir, I will conclude my speech by quoting a former Secretary of State for India who, addressing the then Viceroy on this subject, observed :

"I will not dwell on the great regret with which I should at any time regard the imposition of additional burdens on the poorest classes of the population through the taxation of a necessity of life. But apart from all general considerations of what is in such respects right and equitable, there are, as Your Excellency is well aware, in the case of the salt duty in India, weighty reasons for keeping it at as low a rate as possible."

Sir, I hope that although non-official opinion may fail to influence the policy of Government, at least the opinion of a Secretary of State for India should carry weight with them.

THE HONOURABLE SIR ARTHUR McWATERS: Sir, I have no hesitation in opposing this amendment. I think that in a time like the present there is no commodity which lends itself more justly and conveniently to an increase of taxation than salt. Our experience has been for a long period of years that the consumption of salt is affected very little by the rate of the duty. There were exceptional circumstances in the year to which the Honourable Member referred, but going back for a long period, when the duty was as high as Rs. 2-8-0, there was in fact very little difference in the amount of salt used, which indicates that under our system there is not much ground for supposing that the ordinary man is getting less salt than he requires. Even when the salt tax is involved in a cloud of political prejudice, even then, when direct attacks are made upon the salt revenue, they have very very little direct effect. Indeed, from the revenue point of view the campaign directed against the salt tax was practically ineffective. Therefore, Sir, by this surcharge, with practically no increase in the cost of collection, we get something over a crore of rupees. And when we are introducing taxation which falls inevitably upon all sections of the community, then a tax which amounts to no more than 10 pies per head per annum is one which I do not think can be seriously cavilled at. It is a curious

thing that when the question of obtaining money for themselves comes into question the members of Local Governments and members of the public whom they consult are not so greatly impressed by the political difficulties of the salt tax. I should like to read to the House a passage from the report of the Punjab Sources of Revenue Committee which came into my hands only the other day. They say :

"We have considered a proposal to levy a surcharge on salt. The majority of us, six to one, strongly favour the imposition of a surcharge of 50 per cent. on the present salt tax, which surcharge should be paid to provincial revenues. The majority are of the decided opinion that so far as the Punjab is concerned the present salt tax is not felt by any one as its incidence on the poorer classes does not amount to more than a few pies per person in a year. They understand that the present tax has not been increased by the Government of India for political reasons. They consider that these reasons do not apply to the Punjab and that a surcharge on salt, if imposed, would be widely hailed as a justifiable taxation which would cause no hardship even to the poorest classes."

With that, Sir, I will conclude my speech.

THE HONOURABLE THE PRESIDENT: The question is :

"That in clause 5 the word 'salt' and the words and figures 'under the Indian Salt Act, 1882, or' be omitted."

The motion was negatived.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Sir, I beg to move :

"That in clause 5 the words 'motor spirit' be omitted."

In these days, Sir, the use of motor spirit cannot be called a luxury. It may be a luxury for a few but not for many. The present financial stringency has led Government to stop any further investment on new construction of railways. Similarly the high surcharge has to a great extent prevented the import of motor buses, and the result is that by this increase of duty on petrol the development of the country and the convenience of the agricultural and commercial people in moving from one place to another will be affected. The total consumption of petrol in India, as far as my information goes, is about 60 million gallons. If I am wrong, the Honourable Mr. Miller will put me right. A heavy duty on this means that the services of buses which are now running between urban areas and between stations and the urban areas will be affected and there will be no development of further motor services in the various areas. On the other hand, Sir, petrol is now also being used for agricultural purposes, for pumping of water, for ploughing, for tractors and so on. I do not know how far this tax will also retard their use. Petrol pumps are quite common in the Punjab for small lifts. I therefore propose that in the interests of the poor and of the agriculturists this duty ought not to be increased.

THE HONOURABLE MR. A. H. LLOYD (Government of India : Nominated Official): Sir, I have to oppose this amendment primarily on financial grounds. The amount which we estimate will be obtained by us from the two anna surcharge on the excise duty which is now in question on motor spirit is about Rs. 29 lakhs in the current year and Rs. 58 lakhs in the year 1932-33—a total sum of Rs. 87 lakhs. That is an amount the surrender of which we cannot contemplate without seriously upsetting our scheme. But the matter does not stop there. This amendment is moved to clause 5 of the Bill and relates only to the excise duty on motor spirit.

[Mr. A. H. Lloyd.]

Clause 4 of the Bill has already been passed by this House and that imposes a surcharge of 2 annas per gallon on imported motor spirit. The result therefore of carrying the amendment that is now before the House would be to introduce a difference of 2 annas between the duty payable on motor spirit made in India and on imported motor spirit. Now, before 1925 there was a difference of $2\frac{1}{2}$ annas between the two rates, but at that time, it is correct to say, literally no motor spirit for use in internal combustion engines was imported into India and it seems probable, or at least there is a grave possibility, that if this amendment were carried not only should we lose what we expect to receive out of the surcharge upon the excise duty, but also the motor spirit made in India would displace those quantities of motor spirit that are at present being imported, quantities which have now reached fairly respectable dimensions. The result is that the total loss from the acceptance of this amendment would probably exceed Rs. 1 crore. It may, however, be pointed out that the organisation of the petroleum industry is such that the distribution of motor spirit is in a limited number of hands and possibly the ordinary competitive principles under which prices are fixed would not operate, with the result that we might not lose this sum which we expect to receive from the customs duty on imported motor spirit. I would like to remind the House if that were to take place it would mean that the price of motor spirit would be fixed with reference to the price of imported motor spirit, and therefore the combined effect of passing clause 4 and rejecting this part of clause 5 would be that no advantage would come to the consumer because the price would still remain raised by 2 annas and the whole of that profit would go to the concerns which are making motor spirit in India. That is the other side of the picture. Between the two possibilities Government stand to lose and the country, as a whole, does not stand to gain. For these reasons, Sir, I oppose the amendment.

THE HONOURABLE THE PRESIDENT: The question is:

"That in clause 5 the words 'motor spirit' be omitted."

The motion was negatived.

THE HONOURABLE THE PRESIDENT: The question then is:

"That clause 5 do stand part of the Bill."

The motion was adopted.

Clause 5 was added to the Bill.

THE HONOURABLE THE PRESIDENT: Clause 6. The Honourable Mr. Ghosh Maulik.

THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK (West Bengal: Non-Muhammadan): Sir, my amendment runs thus:

"That in clause 6 the words 'and single postcards' and the words 'and the rate specified in respect of reply postcards shall be increased by half an anna' be omitted."

My amendment is a modest one and proposes reduction of a single pice on postcards and half anna in respect of reply postcards, and I am quite sure that Government would not lose much revenue in accepting my amendment; while, on the other hand, it will give a great amount of relief to the poor people. I know, Sir, that it is quite impossible to move an amendment in this House, constituted as it is; and he would

be either a wild optimist or an inmate of Bedlam who will flatter himself with the idea that we can carry an amendment in this august House, the replica of the House of Lords. But at the same time, Sir, I would be failing in my duty as an elected Member if I do not press for this amendment. I would, however, be quite satisfied if only the Government will give us an assurance that even if they get the power by this Act to increase the rate of inland postcards, they would suspend the executive orders necessary to raise the rate.

Sir, I move.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Sir, I rise to support the amendment moved by my Honourable friend. Sir, when we increased the rate of postage in 1922 we found that the number of letters and the number of postcards which were posted fell very heavily and the income which the Government anticipated by the increase of rate did not come up to their anticipations. As far as postcards are concerned, Sir, they are used generally by the poor people and I think the increase of postal rates on the postcard will be very bitterly felt by the poor who in these days of abnormal and unprecedented depression are unable to meet even their cost of living. The result will be that their correspondence with their near and dear ones even will have to be heavily curtailed against their wishes. Sir, in the year 1919-20, 610 millions of postcards were used by the public, in 1920-21 the number rose to 630 millions. In 1921-22 this number still jumped up to 650 millions. In 1922, when the rates of postage were increased, we find that in the year 1922-23, owing to this increase the number of postcards used fell to 520 millions and since then up till now the number of 650 millions has not been reached leaving aside the average increase of ten millions yearly. From our past experience, Sir, we ought to learn and I am quite positive that now we have an unprecedented depression in everything, in 1922 we were much better off than we unfortunately now are, and I think that the revenue which the Government anticipates by the increase of rates in postcards is not likely to be achieved. I think, Sir, that wherever the poor are concerned the Government ought rather to be more lenient and considerate. The Post Office is already making retrenchments in reducing post offices. Many village post offices are being closed and various other economies are being made as far as curtailment of postings and deliveries and, Sir, this is a time when an increase in the postcard rates anyhow ought not to be taken in hand. With these few words, Sir, I commend this amendment to the House.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD: Sir, instead of moving my own amendment for the deletion of this clause I will confine myself to supporting the amendment before the House. Sir, the question of postal rates has been exercising the public mind since the last increase in the rates was effected by the Government in 1922. Ever since the demand of the public has been—which its representatives have been repeatedly urging on the Government—that the rates should be brought down to the previous level. But it is an irony of fate that the Government are now meeting the demand for reduction by actually proposing an increase in the postal rates and for the matter of that in the rate of postcards. Responsiveness to public opinion cannot in my humble opinion go further! At a time when the purchasing power of the people has become so low the proposed increase will affect millions of people. Sir, the Government defends an increase in the postal rates on the ground that there is a deficit

[Lala Jagdish Prasad.]

in the Post and Telegraph Department. As to this I will say that this deficit in the Post and Telegraph Department is due to the fact that there has been a rapid increase in expenditure in this Department which has been out of all proportion to the increase in revenue. If the expenditure in this Department is taken back to the level of 1925-26 there would in my opinion be a surplus instead of a deficit. And I do not see any insuperable difficulty in the way of doing so in view of the acute economic depression prevailing in the country. Apart from this question, when the Postal Department was started some 60 years ago, I understand that the object then laid down by the Government was that it should be considered as a public utility department and not as a commercial concern for revenue. To try now to run the Department on business lines cannot therefore be justified. Moreover, Sir, as my Honourable friend, Rai Ram Saran Das Bahadur, has just pointed out, the increase in the postal rates is not likely to result in an increased revenue for the Government. I therefore support the amendment before the House.

THE HONOURABLE MR. J. A. SHILLIDY (Industries and Labour Secretary): Sir, I must oppose this amendment and I do not think it will be necessary for me to speak at any length. The subject has been discussed year in and year out in this House and I do not know that there are any fresh arguments to bring forward. As far as I understand the argument, it is that it is no use putting on this extra rate because we will not get the revenue. That has not been our experience. It is perfectly true that when we have increased the rates there have been fewer letters and fewer postcards used but we have also gathered in a higher revenue and I see no reason why on this occasion also we should not get a higher revenue.

The other point which was put forward by the Honourable Member was that postcards were used chiefly by the poor. This, Sir, is not the fact. Postcards are used mainly for business purposes. But let me give a few figures. Last year 546 million postcards were used as far as can be calculated. If you were to allow that there had been a general uniform use of postcards amongst all adults it would amount to three postcards each per adult in the year. The result of this crushing burden that we are putting on the poor would then amount to three pice in the year. Suppose however that all adults did not use postcards but that only 50 million persons used them. Suppose again a uniform use of postcards by these persons, and the crushing burden on them, Sir, amounts to 10 pice a year each. I do not think Sir, that this hardy annual of the oppression of the poor can in this respect be really maintained. I said, I think, a few sessions ago on the strength of one who has had great experience of working with the poor that the poor man wrote perhaps about three or four postcards in the year. If that be true, then the addition of three or four pice a year is not going to stop that further correspondence with their nearest and dearest to which the Honourable Member referred. Sir, I must oppose the amendment.

THE HONOURABLE THE PRESIDENT: The original question was:

"That clause 6 do stand part of the Bill."

Since which an amendment has been moved:

"That in clause 6, the words 'and single postcards' and the words 'and the rate specified in respect of reply postcards shall be increased by half an anna' be omitted."

The Council divided :

AYES—9.

Aiyangar, The Honourable Mr. K. V. Rangaswamy.
Banerjee, The Honourable Mr. Jagdish Chandra.
Ghosh Maulik, The Honourable Mr. Satyendra Chandra.
Jagdish Prasad, The Honourable Rai Bahadur Lala.
Mitha, The Honourable Sardar Sahab Suleman Cassum Haji.

Naidu, The Honourable Mr. Y. Ranganayaka'u.
Pandit, The Honourable Sardar Shri Jagannath Maharaj.
Ram Saran Das, The Honourable Rai Bahadur Lala.
Sinha, The Honourable Kumar Nripendra Narayan.

NOES—18.

Akbar Khan, The Honourable Major Nawab Sir Mahomed.
Basu, The Honourable Mr. Bijay Kumar.
Charanjit Singh, The Honourable Sardar.
Chimman Lal, The Honourable Rai Bahadur Lala.
Devadoss, The Honourable Mr. M. D. Drake, The Honourable Mr. J. C. B. Emerson, The Honourable Mr. H. W. Fazl-i-Husain, The Honourable Khan Bahadur Mian Sir.
Ghosal, The Honourable Mr. Jyotsnanath.

Israr Hasan Khan, The Honourable Khan Bahadur Sir Muhammad.
Jalan, The Honourable Rai Bahadur Radha Krishna.
Lloyd, The Honourable Mr. A. H. McWatters, The Honourable Sir Arthur.
Mitter, The Honourable Sir Brojendra.
Noon, The Honourable Nawab Malik Mohammad Hayat Khan.
Shillidy, The Honourable Mr. J. A. Thompson, The Honourable Sir John. Whitty, The Honourable Mr. J. T.

The motion was negatived.

THE HONOURABLE THE PRESIDENT: The question then is :

"That clause 6 do stand part of the Bill."

The motion was adopted.

Clause 6 was added to the Bill.

The Council then adjourned for Lunch till Twenty Minutes to Three of the Clock.

The Council re-assembled after Lunch at Twenty Minutes to Three of the Clock, the Honourable the President in the Chair.

THE HONOURABLE THE PRESIDENT: The question is :

"That clause 7 do stand part of the Bill."

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD: Sir, I beg to move the amendment . . .

THE HONOURABLE THE PRESIDENT: The Honourable Member need not move. As I explained earlier in the day, I do not put the question from the Chair that the clause be omitted. The question however is that clause 7 stand part of the Bill. The Honourable Member may oppose it.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD: Sir, I oppose clause 7 forming part of the Bill. It is my firm conviction that the lowering of the limits of income liable to income-tax will operate very harshly on the

[Lala Jagdish Prasad.]

poorer and middle classes. Normally, this would mean the taxing of an income of Rs. 84 a month, but in reality it will not stop there. It is a matter of common knowledge that Income-tax Officers in their zeal to bring in an increased income to the coffers of Government from income-tax do not always care, nor is it always easy for them, to find out whether an assessee has got the exact amount of income that is liable to income-tax, but at times bring in persons of much less income also on their assessment list, of which the result in this case is likely to be that persons having an income of, say, Rs. 60 or so might also be taxed, which is barely a living wage. Then, Sir, the Income-tax Act, is very unsatisfactory in that, unlike the English law, it does not provide for judicial appeals. Even assuming for the sake of argument that the officers concerned would act carefully, there would be, according to some calculations, about 800,000 families roped in by the new proposal. Now, let us compare the conditions in India with those obtaining in England. In levying income-tax in the United Kingdom allowance is made for married men and children. If a man is unmarried the exemption limit is lower than if he is married. If he has children the exemption limit is still higher, allowance being made for each child at a certain specified rate. Thus, for a bachelor the minimum taxable income in England is £250 and for a married man £350. But in India the income-tax is levied irrespective of the fact whether a man is single or married and of the number of children he has. Owing to the joint family system in India a man getting a salary of between Rs. 1,000 and Rs. 2,000 per annum may have to support not only his own wife and children but also a number of other relatives. The result is that here the tax bears more harshly on those who are married and have children than on those who lead a single life and have no family to maintain. This is opposed alike to reason and equity. Sir, in England the Government is very solicitous about the lowering of the standard of living, but in India the Government is apparently not much concerned what effect their taxation will have on the already extremely low standard of living of the people. The Honourable the Finance Member defended this proposal of lowering of the incidence of income-tax in the Legislative Assembly on the ground that the whole basis of the country's income on which the Government of India and the Provincial Governments had to rely for taxation was dependent on agricultural prices. He argued that in 1903 the sum of Rs. 1,000 was considered a fair limit, that the prices of agricultural produce had fallen to the 1903 level and that Government had therefore had recourse again to the standards of taxation applied in 1903. To this, Sir, I would say that the Rs. 1,000 limit was never accepted as fair by non-official opinion and that it was raised to the higher limit after a great deal of public agitation. It will now be very unfair to restore that low limit. Then my question is, does the principle of taxation the Honourable Sir George Schuster enunciated apply only to the lowering of the exemption limit of income-tax, or is he prepared to recommend that all the taxes should be brought down to the 1903 level? The middle class Indians to whom this proposal to tax incomes between Rs. 1,000 and Rs. 2,000 would apply have to pay considerably more than in 1903 for house rent, medical, educational and other bills, wages to domestic servants, postal and telegraphic communications, imported articles of necessity, etc. They have to feel the effect of very heavy indirect taxes imposed on the country since 1903. The validity of the Finance Member's argument can be admitted only if the

economic conditions of 1903 can be wholly or even substantially re-created, which is not immediately practicable. Sir, in my opinion the lowering of the income-tax limit will act very harshly on the lower middle classes and drive petty shopkeepers to bankruptcy. I am therefore obliged to oppose this clause.

THE HONOURABLE MAJOR NAWAB SIR MAHOMED AKBAR KHAN: Sir, I oppose the last speaker on several grounds. In his salt duty speech, he said that he does not agree with me in the fixation of a universal rate of taxation at $2\frac{1}{2}$ per cent. Well Sir, there is a difference of mentality. As he is a follower of Manu Smriti, while I am a believer in the Muhammadan law based on the Holy Qoran. There is a vast difference, the difference is as wide apart as the two poles are. He has been brought up in the light of Manu Smriti, which says that a Brahmin, if he commits a murder, is not liable to be brought before a legal court. They always observe the caste system; they have got the higher classes, the lower classes, and they might have at the same time classification of wealth, the richest man, the richer man, the rich man and the poor but I am a believer in the Islamic law which allows no such distinction at all. According to Islamic law, the law is the universal law and the rate of taxation must be a universal rate for everybody. It is the same for the rich or the poor or the wealthiest man. When he says that income-tax should not be lowered to Rs. 1,000, may I ask him, if a theft is committed in the house of a poor man and he reports to the police station, will not the police official start an inquiry into the case with the same zeal as would be done in the case of a rich man who was robbed of Rs. 1 lakh? I want to know where is the difference. Protection is given to a poor man exactly the same as it is given to a rich man. I do not know where the distinction comes in. If my friend thinks that distinction comes in because a rich man is sitting on his money he is very much mistaken. Nobody in this world can ever sit on his money; the money is always in circulation; he employs his money and several people are employed in his workshop or in his building operation or in other profitable enterprises that he undertakes. All the same the money is in circulation. I do not know why my friend poses himself as a special champion of the poor. I think the saying is that law is no respecter of wealth or poverty. I ask him in the first instance when a taxation Bill passes, what it becomes into? Does not it become a law? If it becomes a law, well, the law should not be a respecter of poverty or wealth. People might say whatever they like. The Finance Member might jeer at my suggestion; his Secretary, the Honourable Sir Arthur McWatters, might laugh at it, but, Sir, I do not care in the least about it. I am a convinced believer that what I say is the right course and I am determined to stick to it. If in future I remain a Member of this House, whenever the Budget is brought forward there will always be some indication in my speech to that effect. I want the rate of taxation to be a universal rate. There should be no distinction that the rich man must pay more and the small man must pay less. If my friend is a believer in Socialism and he wants to introduce a Socialistic Budget—these are the wrong Western ideas—he is quite welcome to back those; but I say that I am a convinced believer in the law of Islam and I say that law is no respecter of wealth or poverty. The law has got no such thing. There is equality in law. There might be a distinction with my friend that a Brahmin is not liable even for murder to be produced before the magistrate and that a Brahmin according to Manu Smriti is at liberty to decline to

[Sir Mahomed Akbar Khan.]

appear before a magistrate and he cannot be cross-examined by the magistrate or the counsels; it is a special privilege, because he is the highest of the highest, but in Islam, my friend, there is no such thing. Even the ruler of the world, if a case is instituted against him, will have to come and take his stand like the ordinary human being in the court of the Qazi. There is no such thing as rulership or anything else allowed by the democratic laws of Islam. I wanted to remove a misapprehension on that point. At the same time I want to inform the Honourable the Finance Member that he might laugh at my suggestion; he might do whatever he likes, but I am a convinced believer and every time I will advocate this course, because I believe that the universal rate is a thing by which at least the Islamic law ruled this India for 800 years and it ruled a vast portion of the world according to those laws for nearly over a thousand years; and to-day if a man scoffs at it, I will say I scoff at your Budget, and I call it a budget based on injustice. I will call it a Socialist Budget.

THE HONOURABLE THE PRESIDENT: The Honourable Member is repeating himself somewhat.

THE HONOURABLE MAJOR NAWAB SIR MAHOMED AKBAR KHAN: I would say that I welcome the suggestion of lowering the income-tax to Rs. 1,000 and, Sir, I will not hesitate to give my full support if it is brought to the level of Rs. 40, i.e., if Rs. 40 is made a taxable income at the uniform rate of $2\frac{1}{2}$ per cent. for those who can afford it, but not the present excessively graduated rate.

THE HONOURABLE MR. BIJAY KUMAR BASU: May I know from the Honourable speaker who just preceded me the difference between Islamic law as propounded by him and the communistic law?

THE HONOURABLE MAJOR NAWAB SIR MAHOMED AKBAR KHAN: When the opportunity to discuss different of castes and creeds arises this enigma will be fully explained to my Honourable friend.

THE HONOURABLE THE PRESIDENT: I think we had not better enter into any discussion of the sort.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: I rise to move the amendment for omitting of the clause and I wish to bring to the notice of this House that every time any Enquiry Committee or Commission is appointed, shortly after the publication of its Report the Government begins to ignore its recommendations. Sir, the Taxation Enquiry Committee pointed out that it was necessary to reduce the limit of income-tax to Rs. 1,000; it would be equitable to allow abatement of Rs. 200 for a wife and Rs. 150 for each minor son or unmarried daughter, up to a maximum of Rs. 950 provided it was claimed. This is the recommendation which the Taxation Enquiry Committee made. After all what is this income of Rs. 1,000 a year which is to be taxed? Sir, this is practically the amount of the dole which an unemployed person receives in England under the present Government. It is a pity to find that the same class is being taxed repeatedly as if it had inexhaustible resources and could be fleeced and bled as often and to any extent. The time limit has now been reached, Sir, and we find that the capital or the surplus money that any person in India possessed has been very greatly reduced; and as far as the poor are concerned, they can with very great

difficulty make the two ends meet. The case has been very well explained by the Honourable the Mover and I need not dwell on it any further. I think this is a very reasonable amendment and ought to be carried by the House.

THE HONOURABLE SIR ARTHUR McWATTERS: Sir, I must ask the House to vote for the inclusion of this clause in the Bill. Most Members are aware, I am sure, that the exemption limit under the Indian Income-tax law used to be very much lower than it is now, but probably every one is not aware that at one time it was as low as Rs. 200. The raising of the limit to Rs. 2,000 took place as recently as 1919 and we are proposing now in this national emergency merely to go back to the position before 1919. All we are proposing to do is to impose upon incomes between Rs. 1,000 and Rs. 2,000 a tax which amounts to 2 per cent. of the income. I think in view of the general scheme of taxation which we are imposing it is not at all an unreasonable proposal. One of the Honourable Members has referred to the difference between our system and the English system. That, Sir, is a very big question but there are some obvious

reasons—reasons dependent partly on the social system out here—which make it more difficult for us to introduce a system on the English lines. I would point out however that in England only a very short time ago the British Government has reduced the various allowances it makes under their income-tax law, so that in effect they also are now taxing lower incomes.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Why not the allowances here?

THE HONOURABLE SIR ARTHUR McWATTERS: That is part of the general question which I was discussing just now, the difference between the social systems here and in England which makes it difficult to adopt that system. I could speak at length on that but I do not think the House will desire it. I would point out that what we are doing is out of the total income-tax demand of 19 crores to impose about 70 lakhs on incomes between one thousand and two thousand and if you go back to 1916 you will find that as much as 59 lakhs was then taken from incomes below Rs. 2,000 out of a total demand of 244 lakhs. So that the actual percentage which we are taking from these people is not unreasonable having regard to the general level of taxation you are imposing on other classes. The Honourable Lala Ram Saran Das also said that we took no account of the recommendations of the various Committees on the incidence of taxation. I would call attention to the fact that the last Committee, or Commission, which has referred to this subject was the Indian Statutory Commission and there a proposal to reduce the taxation limit was made by Sir Walter Layton whose recommendation we are now following.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD: Sir, I wish to make a reply to that.

THE HONOURABLE THE PRESIDENT: The Honourable Member has no right of reply.

THE HONOURABLE THE PRESIDENT: The question is:

"That clause 7 do stand part of the Bill."

The motion was adopted.

Clause 7 was added to the Bill.

THE HONOURABLE THE PRESIDENT: The question is:

"That clause 8 do stand part of the Bill."

THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM: Are these amendments to clause 8 allowed, Sir?

THE HONOURABLE THE PRESIDENT: There is one amendment, No. 16, in order.

THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM: I would like to discuss the general point. Sir, I rise to oppose the imposition of additional income-tax as a surtax for the current financial year. The reason why I oppose this is, that it was the primary duty of Government to endeavour to foster industry. That they have failed in doing this is apparent not only from what we have said, but from what the Government has itself admitted. There was a Bill in the last Assembly Session for taxing incomes from outside. That Bill showed that people out in India who used to invest their money in industries, found the place so hot for them that they started investing their money outside. And after that we heard the story of Sir Victor Sassoon closing up his business. The captains of industry and the entrepreneurs are leaving India because they find that the Government of India does not safeguard their interests, and if this policy of utter disregard of capitalism is to prevail, I think it was better that the Government of India should have come out in the open, and said that they are running the country on Socialistic lines akin to the Bolshevik Government, who have nationalised the whole of their industry. If you come out once for all with this dictum that capital and wealth is simply frozen labour, then we would have no quarrel with you. I am not stating that we should follow either the capitalist line or the socialist line, all I am saying is, that there are divergent ways and you must follow either the one or the other. If you go one step in one direction, and another step in another direction, the result is that no one is pleased with you. The Government wants to keep up the capitalist system and yet wish to take away the real inducement of the capitalist system—that is "interest." If a man cannot get a good return for his investment he is bound to close up the business; and if they close up the business the result is that in the present structure of society a lot of people who are engaged in industries as labourers and others are thrown out on the market. That intensifies the general distress, and in other ways makes our position more difficult.

The imposition of this surtax compares very unfavourably with the increase in income-tax introduced by the second Finance Bill in the House of Commons. There the general rate from 4s. 6d. has been increased to 5s.—a rise of 11 per cent. Here for this year we are going to increase it by 12½ per cent. and for next year by 25 per cent. Well, these are the differences in the way in which we are being treated. I do not say, Sir, that the Government is doing intentionally anything to harm us. But in their desperation they are not particular and they never stop at having a shy at any person who comes within their reach, and they do not look far ahead, whether their action will not like a boomerang return on themselves. Sir, if this Bill is passed, and we are assured that we will have this additional taxation, I am very doubtful whether we will be able to come up to your expectations. Most of the trade will be ruined and there will not be very many people left, to pay income-tax at the enhanced rate demanded by Government.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD: Sir, I move:

"That to sub-clause (1) of clause 8 the following be added :
'above Rs. 10,000'."

Sir, the burden of income-tax is, as has already been said, becoming very burdensome if not tyrannical. In 1913-14 the total revenue derived by the Government of India was about Rs. 87 crores and the yield from income-tax was about three crores of rupees. In 1931-32 (according to the revised Budget) the total revenue will be about 134 crores, and the yield from taxes on income about 18 crores. That is, out of a total increase of Rs. 47 crores in revenue taxes on income alone account for about 15 crores. In my opinion there can be no economic justification for the increase of income-tax by about five times since 1913-14. The post-war period, barring a short spell of boom, has generally been one of trade and industrial depression, and yet there has been a progressive increase in the rate of income-tax. In his speech yesterday the Honourable the Finance Member gave certain figures showing how the deficit in the budgets of some countries compared with the deficit in India and also figures showing the percentage of taxation with the total revenue in the case of certain countries as compared to India, but he did not care to make a comparison between the *per capita* income of India with the national income of other countries, and I was going to interrupt him on that point. Let us therefore examine how the national income in India compares with that in other countries. According to Mr. Findlay Shirras, Principal of Economics, Gujarat College, formerly Director of Statistics with the Government of India, while the *per capita* income in dollars of India is 40, that of Greece is 98, Australia 477, Canada 579, the Union of South Africa 112, Egypt 102, and Japan 66. All these are principally agricultural countries. As for Britain and the United States there is no comparison between their *per capita* incomes and the *per capita* income of India. The income per head in the United Kingdom is 403 dollars, and in the United States 749 dollars. Thus, India has the lowest income per head of all the countries given above, and yet she has to face growing burdens of taxation year after year. That being so, the proposed increase in the rate of income-tax and super-tax will in my opinion tell heavily upon the trade and industrial classes of the country, and what I suggest in this amendment is that the new increase in the rate of income-tax and surcharge should be imposed on incomes above Rs. 10,000 only and that incomes below this amount should be exempt from the operation of this clause. I think, Sir, it is a very moderate demand and will command the support of the House.

THE HONOURABLE MR. A. H. LLOYD: Sir, the Honourable Member who has just moved this amendment has put me in a somewhat difficult position because his speech has been directed not at the amendment, if I may say so, but at the clause itself. It is only in the last few sentences at the close that he referred to this particular amendment and asked whether it was proper for the Government to ask the Legislature to impose a surcharge of 25 per cent. on the income-tax paid by persons with incomes below Rs. 10,000. I do not propose to follow him into the general discussion which occupied most of his speech. I merely wish to say that I must oppose this amendment on the ground that the financial loss which its acceptance would cause is too great to be accepted by the Government.

[Mr. A. H. Lloyd.]

This particular clause relates only to the surcharges for the current year at half rates. But even in this year, we estimate roughly that if the amendment were accepted, the loss would be 35 lakhs. It is also fairly obvious, although perhaps in another place it was not seen quite so clearly, that if this amendment were accepted, it would be logical to accept a similar amendment with reference to the next clause in the Bill, and in that case, the loss at the full rate of 25 per cent. would be as much as 65 lakhs. The two sums together thus amount to a crore of rupees which the Government cannot afford to sacrifice. The Honourable Member in his general remarks referred to the programme of the Government as imposing tyrannical burdens upon the people. If I may refer particularly to the clauses to which this amendment would apply, I would point out that this again is a case where I might quote my Honourable colleague on my left and appeal for the exercise of some sense of proportion before words like "tyrannical" are used. In the case of incomes between Rs. 2,000 and Rs. 5,000 the extra burden will amount to less than 1 per cent. of the assessee's income, and in the case of incomes between Rs. 5,000 and Rs. 10,000 per annum the extra burden will amount to about 1½ per cent. of the assessee's income. To use words like "tyrannical burdens" is, I submit, a gross over-statement of the case. I oppose the amendment.

THE HONOURABLE RAI BAHADUR RADHA KRISHNA JALAN (Bihar and Orissa: Non-Muhammadan): Sir, the additional income-tax and super-tax for the current financial year will fall with a heavy weight upon the over-burdened neck of the Indian tax-payer. The increase by 1/8th in the rate of income-tax and super-tax specified in Schedule IV in the Indian Finance Act, 1931, though excluding the rate imposed by section 7, will prove to be unbearable. The exclusion does not altogether improve the circumstances under which the income-tax and super-tax payers live to-day. On the other hand it will induce them to retrench their private expenses and forego or reduce their wines, cigars, motor cars, silks, stamps and other luxuries and requirements, etc., which will only reduce the Government's revenue derived from customs and other duties. As consumers they make a large contribution to the indirect taxation. By increasing the direct tax the revenue from indirect taxation to which these large consumers contribute will be much reduced. The Government may not be able to realise their estimates. It was stated by non-official spokesmen last year that the limit was reached alike in super-tax and income-tax. The fact that there are rich people in India and the principle that it is the duty of the rich to pay more will prove a fallacy if closely examined. Under the present joint family system and also owing to the structure of Indian society, a rich man has several poor dependents on him and innumerable unemployed relations to maintain. Thus the burdening of those who have already been paying the increased income-tax and super-tax with an added imposition will only increase the misery in the country. Government ought to meet the situation not by putting upon the people the iron yoke of increased taxation when the taxable capacity has long ago been reached, but by increased retrenchment and the cutting down of financial extravagance in administration. Our contention is the administration can be run on less expensive lines without detriment to efficiency. Had the Government revised their views on the financial aspect of administration and been guided by the necessary economy which is the outstanding feature, for instance,

of Japanese administration, there would have been no necessity for clause 8 in this Finance Bill. Sir, I oppose it with all the strength that I can command.

THE HONOURABLE THE PRESIDENT: The original question was:

"That clause 8 do stand part of the Bill."

Since which an amendment has been moved:

"That to sub-clause (1) of clause 8 the words and figures 'above Rs. 10,000' be added."

The question is that that amendment be made.

The Council divided:

AYES—9.

Aiyanger, The Honourable Mr. K. V. Rangaswamy.
Banerjee, The Honourable Mr. Jagadish Chandra.
Halim, The Honourable Khan Bahadur Hafiz Muhammad.
Hussain Imam, The Honourable Mr. Abu Abdullah Syed.
Jagdish Prasad, The Honourable Rai Bahadur Lala.

Jalan, The Honourable Rai Bahadur Radha Krishna.
Mitha, The Honourable Sardar Sahab Suleman Cassum Haji.
Naidu, The Honourable Mr. Y. Ranganayaka u.
Ram Saran Das, The Honourable Rai Bahadur Lala.

NOES—23.

Akbar Khan, The Honourable Major Nawab Sir Mahomed.
Basu, The Honourable Mr. Bijay Kumar.
Browne, The Honourable Mr. P. H. Charanjit Singh, The Honourable Sardar.
Chetti, The Honourable Diwan Bahadur G. Narayanaswami.
Chimman Lal, The Honourable Rai Bahadur Lala.
Devadoss, The Honourable Mr. M. D. Drake, The Honourable Mr. J. C. B. Emerson, The Honourable Mr. H. W. Fazl-i-Husain, The Honourable Khan Bahadur Mian Sir.
Ghosal, The Honourable Mr. Jyotsnanath.

Israr Hasan Khan, The Honourable Khan Bahadur Sir Muhammad.
Lloyd, The Honourable Mr. A. H. McWatters, The Honourable Sir Arthur.
Mitter, The Honourable Sir Brojendra.
Natesan, The Honourable Mr. G. A. Noon, The Honourable Nawab Malik Muhammad Hayat Khan.
Pandit, The Honourable Sardar Shri Jagannath Maharaj.
Shillidy, The Honourable Mr. J. A. Sinha, The Honourable Kumar Nripendra Narayan.
Thompson, The Honourable Sir John. Watson, The Honourable Sir Charles. Whitty, The Honourable Mr. J. T.

The motion was negatived.

Clause 8 was added to the Bill.

THE HONOURABLE THE PRESIDENT: The question is:

"That clause 9 do stand part of the Bill."

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD: Sir, in view of the fate met by the previous amendment I do not propose to move my amendment.*

*That to clause 9 the following be added:

"above Rs. 10,000."

THE HONOURABLE THE PRESIDENT: The question is:

"That clause 9 do stand part of the Bill."

The Council divided:

At the request of the Honourable the President, Honourable Members for and against the motion, respectively, stood in their places.

The motion was adopted by 23 votes against 11.

Clause 9 was added to the Bill.

Clause 10 was added to the Bill.

Schedule II was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE SIR ARTHUR MCWATTERS: Sir, I move that the Bill to supplement the Indian Finance Act, 1931, and to extend the operation of its temporary provisions, in the form recommended by the Governor General, be passed.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD: Sir, as was expected, the Government have not thought it fit to accommodate non-official opinion in this House to any extent whatsoever but have ignored the wishes of the representatives of the public in the customary manner by opposing all amendments, one after the other, moved from this side of the House and turning them down by the sheer strength of their votes. After all, Sir, the elected Members of this House are here to voice public opinion and we will be failing in our duty and will not be worth our position if we cease to reflect such opinion. Of course I realise the heavy responsibility that has been cast on this House by the Viceroy and Governor General's certification of this Bill that its passage is essential for the interests of British India and by His Excellency's recommendation to the House that the Bill be passed in a certain form: I am fully conscious of that responsibility. But, Sir, we non-official Members have a certain responsibility to discharge by our constituents, and it is in consonance with this sense of responsibility that I feel that I must withhold my support from this measure. Sir, I know what the result of my adverse vote is going to be. I know that in this House, constituted as it is, it is extremely difficult, nay almost impossible, to carry any motion against the Government. Nor do I take delight in unnecessarily trying to out-vote the Government. I am a moderate and believe in helping the Government where I can. But at the same time I do not believe that the Government is infallible, that it can do no wrong. I therefore believe that true public service lies in helping the Government where one can and in opposing it where one must. It is with this view point that I have reluctantly decided not to lend my support to the passage of this Bill. I honestly believe that in piling taxation upon taxation while the administration of the country continues to be top-heavy, the Government is committing a blunder of grave magnitude which in course of time it is sure to realise. If the Government really believe, as they no doubt seem to do, that their anticipations of increased revenue would come true by giving effect to these proposals of taxation and that at the same time the burden of fresh taxation to be

imposed by this Bill would sit lightly on the people, I have no quarrel with them: I wish them the best of luck and godspeed. If this happens I shall be the first to congratulate the Government on their achievement. But I for my part have my own misgivings about the soundness of this measure which compel me to take quite a different view. I maintain that the burden of taxation as compared with the national income is already very heavy in India and that a further increase in that burden will be the last straw on the camel's back. I therefore hold that the Bill will prove positively injurious to the interests of the country. With a full sense of public duty, therefore, I am obliged to oppose its passage into law.

Sir, before I resume my seat, I wish the Government spokesman in this House kindly to make one point clear to which reference was made yesterday by my Honourable friend Mr. Hussain Imam. He addressed a question to the Honourable the Law Member, but as the latter did not happen to be in his seat at that time (nor is he in his place at this moment), that question remained unanswered. I hope that in his absence some one of the spokesmen of Government present here will be kind enough to throw light on that question. The question is whether nominated non-official Members are obliged to vote with the Government on each and every occasion or, in view of the fact that these non-officials are nominated by Government to represent special interests in this House unlike Government officials, they are at liberty to vote according to their own individual judgment. As there is a doubt on this point and the nominated non-official Members seem to think that if they voted independently they were likely to be at once asked by the Government to resign, I hope some body on the Government Benches will be good enough to throw light on this important point before it comes to voting on this Bill.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Sir, being an elected Member of this House, I feel it my duty to oppose the passage of this Bill at this stage. I have a very high respect for His Excellency Lord Willingdon, the Viceroy and Governor General of India. I have great respect for the constitution. I am a lover of law and order. But, Sir, I feel that the Government of India as it is at present constituted is helpless in many respects. Yesterday I pointedly asked the Government to explain how far the rumour was correct that it was at the instance and dictation of the Secretary of State that many things which I mentioned yesterday were being done. From the silence on the Government Benches, however, I am now certain that it was not a rumour, but a fact. The Honourable Sir George Schuster, the Finance Member, for whom I have a great regard, persuaded the Government of India in the interest of India to issue an Ordinance as soon as England went off the gold standard. We are grateful to the Government of India for the very prompt action that they thus took to safeguard the interests of India. Very soon, within a few hours, the Secretary of State forced the hands of the Government of India and they were forced to withdraw that Ordinance. The flight of gold from India is going on and the way in which the present Bill has been certified has now proved the fact that the certification has been done and all amendments refused at the instance of the Secretary of State. Yesterday when the Honourable the Finance Member said "that we are a responsible Government" I felt sorry for him. The facts prove that the present Government is not responsible and with due deference to the Honourable the Finance Member I must say that in case Government would have been responsible they would not have

[Rai Bahadur Lala Ram Saran Das.]

been treated in the way in which they are being treated by the Secretary of State. I consider they are merely a tool, a subordinate Government under the thumb of an autocratic Secretary of State.

Sir, I might say that it is my sacred duty to warn the Government against their launching on this monstrous and unbearable taxation. This Bill has been talked about yesterday in this House in detail and every Member on the non-official side, elected or nominated, has expressed his strong resentment against the Bill. The Honourable Mr. Browne representing the Bengal Chamber of Commerce called it a poisonous Bill. The Honourable Mr. Miller also said that the Bill was not what it ought to be. But I do not know what will be his opinion to-day when this final stage has arrived.

THE HONOURABLE MR. P. H. BROWNE: Sir, I said I could not suggest a better one.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: I have not gone into other details of his speech. I only referred, Sir, to what the Honourable Member termed this Bill as yesterday; he cannot refute that fact. However, Sir, this Bill has been condemned by the public as well and I warn the Government that at this juncture, when the times are very difficult, such enhanced taxation ought not to be adopted. I say so because I think that many of the people who are now taxed will not be able to pay their taxes and they will be put in a very awkward position. It will give a tool in the hands of the agitators to add to the unrest that exists in India.

With these words, Sir, I ask the Government to adopt the policy to live and let live.

THE HONOURABLE MR. G. A. NATESAN (Madras: Nominated Non Official): Sir, I had not intended to take part in this debate but certain remarks that fell from my Honourable friend, Lala Jagdish Prasad regarding the nominated Members I feel should be answered by myself whether Government Members will or will not answer them. I have the honour of being a nominated Member of this Council, Sir, I think ever since the introduction of the Montagu-Chelmsford Reforms with some slight breaks. I am very proud to say, as I hinted yesterday, that I have enjoyed the uninterrupted privilege of voting as I pleased and as I thought would best serve the interests of the country. I have spoken strongly against Government measures. I have denounced the Criminal Amendment Bill. I have spoken against the Bengal Ordinance and have protested in this House as loudly as I could, with as much eloquence and vehemence as any elected Member, against the composition of the Simon Commission, and I can assure them that they are doing a wrong to their own countrymen in suggesting that any non-official Member has been threatened with being deprived of his seat. That has not been my experience although I have sometimes made individual Members of Government angry. I am very glad to say that I have been nominated thrice and I hope they will continue that policy. After all, we are here to give our views in the best interests of our country and as we think we should best serve the interests of Government, but with one exception, where I considered the matter was of vital importance to Government and my support should be given. With regard to this Bill . . .

THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM:
Against your convictions.

THE HONOURABLE MR. G. A. NATESAN: Sir, it is not against our convictions. We have given our criticisms freely, but as we consider the passing of the Finance Bill is one of the things that is imperative for the carrying on of the government of the country and the Council of State has been constituted as the Upper House, and having regard to the fact—my Honourable friend, Mr. Hussain Imam, must have some imagination—also that the whole question of constitutional reform is now being considered and our future depends a great deal upon the way in which this House acquits itself, I have no hesitation in saying publicly, Sir, even as a non-official Member, with the full freedom that I enjoy, that I propose to enjoy in the future, that I do consider it necessary to pass this Bill. I hope there will be no further criticisms and let me tell him that it is wrong and unfair of anyone to suggest that non-official Members are being asked to resign if they vote one way or the other. I do not know and have no experience of how others are being treated, but let me give him an assurance that in my own case I have not been asked to tender my resignation although I have spoken freely on Government measures.

Sir, with regard to the present Bill, now that it is a settled fact, I make an appeal to the Finance Member that should the situation prove favourable he will consider the desirability of reducing if possible the increased rates of postal charges. I would also remind the Finance Secretary of the promise which the Finance Member gave yesterday in regard to certain import duties, and I do earnestly hope and make an appeal that you will endeavour your best to reduce them at the earliest possible opportunity. I have nothing more to add, Sir.

THE HONOURABLE MR. K. V. RANGASWAMY AIYANGAR (Madras: Non-Muhammadan): Sir, the situation in the Council of State is one of unreality. I mean the discussions after the certification of the Bill, after the Honourable the Finance Secretary has told us that not a comma can be altered and no amendments would be accepted after the certification. Sir, the Council of State is always placed in a very awkward position. Long before the discussions have taken place in this Council, long before that, it is taken for granted that no amendments will be carried. Sir, I may say that some discourtesy was shown to this House even when the Press Bill was before this House. Even on the previous day, before the Press Bill was placed in this House, the Assembly was adjourned *sine die* and that meant that no amendments would be carried in this House, and it was only because of that certainty that the Assembly was adjourned and the Bill was placed in this House though that measure was found to be of the utmost necessity for carrying on the government. Now, Sir, in this Bill, opposition has come from unexpected quarters. I mean one or two of the Members on this side have joined in voicing their opposition to the measures adopted in this taxation Bill. Sir, I may say that the elected European Members from Calcutta and Bombay, almost all the nominated Members from Madras and other places, have all voiced their objection to every one of the measures included in this Bill. Sir, about the certification, we may not go as far as the *Statesman* has; it has even questioned the veracity of the certification. In the list of

[Mr. K. V. Rangaswamy Aiyangar.]
unexpected quarters I should include the *Statesman*. Sir, the *Statesman* has said :

"Lord Willingdon has certified the whole supplementary Finance Bill as essential for the interests of British India. The formula is one that he is compelled to use but the phrase is unfortunate, for several of the Budget proposals are antagonistic to the interests of India and we are confident that they will not produce the anticipated revenue and they are not in the interests of India."

When the certification goes on to say that it is in the interests of India that the Bill has to be certified, the *Statesman* points out that it is not in the interests of India, Sir, perhaps there is no provision in the Statute to certify a Bill even before it is introduced in the Assembly. Otherwise, it need not be certified when it comes before the Council of State after it has been rejected by the Assembly. The discussions on the certified Bill have given another occasion to discredit this Chamber. When we go out, people say that the Assembly has taken credit for rejecting the Bill and when it goes to the Council of State, not a comma can be altered, and they all stare at this Upper House and we have to subject ourselves to the public odium.

This Bill, when especially it has been found by the financial experts that it is very essential and not even a comma can be altered, could well have been passed in the Simla Session itself by sitting for a week or 10 days more. Even in the interests of the Government I say that this is not a very sound method on the part of the Government. When the commercial people, especially Japan and America and others, knew full well that this Bill was going to be passed, and when an interval of 1½ months had been given for the passing of the Bill, goods would have been dumped on India, and there is very little use now in passing this Bill for 18 months. I think that 18 months' goods have been already dumped into India. If not, I correct myself. An occasion has been given and, the interval might have been used even if it has not been used.

The loss in railway earnings and in customs revenue is now sought to be made up by taxing the necessities of life of the poor people such as salt, cloth, and postage, and the remedy that is worse than the evil is the retrenchment of Government officials, the poor clerks. When the pockets of those who were taxed in March were found empty, other pockets are searched now. We have our own doubts, as many have doubted in this House and elsewhere, whether the required amount will be forthcoming to make up the deficit. Even now, I hope the groans and curses of those who cannot afford to cover themselves even with bare clothing, especially in the hill tracts and other cold climates, and who cannot purchase salt, will not go unheard by the Cabinet before we meet in February. We in Madras are more fortunate in enjoying a temperate climate, but people in Northern India and Garhwal and other places will be groaning in the frost and mist, and I hope the voices and the groans of the poor people will be heard by the Cabinet and they will, as the Honourable Mr. Natesan pointed out in the case of postage and stamps, alleviate the distress by lessening the burden on cloth, salt, etc. Sir, this is a retaliatory budget. We protested against the salt tax last year, and now they have come forward with a surcharge on the salt tax. This has been done with a vengeance. We are now in a vicious circle. When people could not find money to pay the Exchequer to the required amount, we are still more taxed, and this vicious circle will go merrily on. I do not know if the Government will find the taxes, and if the people's pockets will be

capacious enough to pay the further taxation. When they are not able to pay the original tax imposed in March last, I do not know how they are going to pay the extra taxes now. Sir, when we pointed out that the Lee concessions should be withdrawn, the Honourable the Finance Member said that they could not be withdrawn. I think it is quite possible even now to reconsider the position and ask the officials to forego some of the concessions at least. Sir, it has been pointed out that they are given four passages. Cannot that be reduced to at least two? The other Lee concession is that European members are allowed to go four districts away to consult about their health. Cannot they, at this time of crisis, consult their own District Medical Officer, their own I. M. S. officer? There are many people who are efficient and I think it is only the colour prejudice that has made the Lee Commission give this concession of allowing them to go even four districts away and consult the English I. M. S. about themselves and their families.

Now, Sir, with regard to the counter proposal suggested by some that an excise duty on cloth and kerosene should be imposed, I should say first, in the matter of cloth, that the Indian mills are already taxed, and as has been pointed out by the Secretary of State in the House of Commons, there are other duties to equalise the surcharge on the customs on cloth. And then they pay income-tax. So, in the matter of kerosene oil, though the popular opinion is that an excise duty should be imposed, I think that, when they pay income-tax and when they employ so many thousands of men in Rangoon and other places, it is not proper to put an excise on kerosene.

Sir, I have pointed out before that retrenchment of staff is the worst remedy for our evils. I think the Honourable Mr. Chetti has pointed out that it is not by reduction in staff but by reduction in the scales of salaries that retrenchment should be effected. It is causing very great hardship amongst thousands of families and I think it is our duty to bring this before the Government so that they may alleviate the miseries of the unemployed. I think it was the Honourable Mr. Devadoss who pointed out that the swelling of the ranks of the unemployed will tend to create more disturbances in the country even than we had last year or have now. There is no more sense of security left in the services. Many people previously left private service to enter Government service only because they found security in the latter. Retrenchment should only be effected by not filling up posts of those who retire. When the present incumbents are retrenched out of hand their hardships are unbearable.

Sir, we have been protesting on various matters for years, but I see our protests are not regarded. It is only when it becomes a matter of supply and demand that the matter is looked into. For example, if there is a reduction in first or second class passengers, then the fares are reduced, but if we press for the reduction of third class fares that is not attended to. What I want to point out is that the salvation of the different interests in this country lies in their own hands and they need not expect much to be accomplished by our action in the Council. From the year 1917, Sir, when I was in the old Imperial Legislative Council,—I do not know if any one can bear me out—we protested that we should not bear the war debts to the extent of 165 million pounds. England was very prosperous then and they could themselves have borne the gift we made of 165 millions. Only a few of us protested against that at the time, but we were not heard. We can now say that we told you then

[Mr. K. V. Rangaswamy Aiyangar.]

that you would be in trouble in the future; you never heeded our representations and protests, and now this crisis has come. Again, Sir, if Indianization is pressed for it is only given effect to by superimposing over and above the present establishment and not by substituting Indians for others. We have seen the same thing when we pressed for the Indianization of the Army. Several units have been superimposed over and above the existing strength. Another example I may quote. When an Indian Member for the Railway Board

THE HONOURABLE THE PRESIDENT: The Honourable Member seems to be taking the opportunity to air a large number of grievances. I think, particularly on the subject he is now on, he is not in the least relevant to the Bill before the House.

THE HONOURABLE MR. K. V. RANGASWAMY AIYANGAR: Sir, I shall finish soon. When an Indian Member for the Railway Board was pressed for

THE HONOURABLE THE PRESIDENT: The Honourable Member must leave the Railway Board alone.

THE HONOURABLE MR. K. V. RANGASWAMY AIYANGAR: I will drop it. If the present crisis, Sir, has taught a lesson to the Government of India that their extravagance should be curtailed, even the present crisis would be a blessing in disguise. As for the Finance Bill, the amendments carried by the Lower House might have been accepted. Then in March, if another deficit was found to exist, it would have been because the popular wishes were respected and given effect to, and some further taxation might have been imposed. Then it would not have come into force by certification but with the willing consent of the elected representatives of the people of India. Let me once more voice forth from this Chamber that the people's salvation lies in their own hands and we can do little for them. With these remarks, Sir, I oppose this Bill.

THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM: Sir, my reason for opposing the passage of this Bill is based on two grounds. The first is that it is for 18 months, and the second that it does not really balance the Budget. As regards the 18 months' period, I think that point has been sufficiently well urged, and I need not waste the time of the House further on that. I have been able to get some papers from the Home Department to prove that the income from customs as expected by Mr. Denning is not correctly put. From the memorandum it seems that we were expecting an income of 51 crores from customs and our actual income from customs for the first six months of the year comes to 21.46 crores, while our income for the same period last year came to 23.46 crores. We are two crores short of the total of last year, while we are expecting to make 4.85 crores more than last year, so we must in fact add this worsening of 2 crores to 4.85 crores. We were expecting a betterment of 7 crores in six months. That was our expectation, with which we started with this Bill on the 28th September. Now, in the month of October, without other factors having intervened to the detriment of Indian trade, we find that instead of improving our position as compared with last year, the position was actually worse than in October 1930.

The customs income in October 1930 amounted to 3·85 crores, but in October 1931 the amount was 3·74 crores, whereas we expected to get about 5 crores a month—a worsening of a crore and a quarter in a month. For six months that would amount to 7½ crores. It might perhaps be a little better. You might even get a half of that but in no circumstances can you get a betterment up to your expectations. And had it been an imposition only for six months we would not have grudged it and we would have been assured that in March next we might get it changed. Now we find that this Finance Bill is imposed for 18 months and the great idea underlying the Finance Member's measure was that there should be uniformity, everyone should contribute an equal quota—it does not matter whether he happens to be in the class of Rs. 2,000 income or in the class of Rs. 2,00,000 income; they must all pay 12½ per cent. and 25 per cent. It is just the same in the matter of the customs duty, although I am very glad that at last the Honourable the Finance Member gave us the assurance that if he finds that the customs income is decreasing very much he would reduce it by means of executive action. That is a very great assurance, and I think that ought to palliate a little the cry that is going on in India against this imposition.

Sir, in this connection I should like to make an observation about the point that was raised in this House by me and the Honourable Lala Jagdish Prasad and to which Mr. Natesan replied. Mr. Natesan is a very old journalist and he knows how to twist his words. While he gave us the occasions on which he has opposed the Government he forgot to mention a single occasion when he had voted against the Government, and that was the point which I had raised.

THE HONOURABLE MR. G. A. NATESAN: On a point of personal explanation, surely my Honourable friend could not have been so obtuse as not to know that I mentioned three occasions on which I did vote against the Government. I thought I made myself clear on that. The complaint on the other hand is that I talk unduly loudly. The three occasions I cited were those on which I voted against the Government.

THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM: To vote thrice against the Government in eleven years is a record. I and other friends of mine found it hard to reconcile the fact that while making speeches the Honourable Members who are nominated non-officials could go on condemning the actions of the Government but when it came to voting and to brass tacks we found that they turned round.

THE HONOURABLE MR. G. A. NATESAN: Elected non-officials do it very often under party whips, which I at least am free from; there have been several occasions like that. I have been too long in public life not to know very well that elected non-officials do under party whips vote against their own convictions.

THE HONOURABLE THE PRESIDENT: We might drop the question about the position of non-official nominated Members. We have had more than enough said already on the subject.

THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM: As regards the merits of the Bill I need not dilate; it would be useless; the Government is adamant, and nothing but hard lessons of their

[Mr. Abu Abdullah Syed Hussain Imam.]

budgets being falsified will convince them of the justice of the Indian demand; and until that comes about, they will always claim infallibility for themselves. We know the result and the fate that is awaiting us.

THE HONOURABLE SIR ARTHUR MCWATTERS: Sir, there are two or three remarks that have been made in this final debate which I think I should not pass over in silence. First of all the Honourable Mr. Aiyangar seemed, if I understood him right, to think that we have been losing customs duty for two months, owing to imports still coming in at lower rates. I should like to assure him that that is not the case, but that under the operation of the Provisional Collection of Taxes Act we have been collecting duties at the new rates since the date the Bill was introduced. We have never lost any duty that way.

THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM: We have extended to two months the period, during the Simla Session.

THE HONOURABLE SIR ARTHUR MCWATTERS: The second point was one on which you said, Sir, that the House had heard enough already and I do not know whether I may be allowed just to give one item of information on the question of nominated non-official Members voting. The question was addressed to the Leader of the House, unfortunately he was not here; but the fact which I wish to bring to the attention of the House is that this question was actually examined in 1924. At the time of the Reforms Enquiry Committee some Honourable Member made a statement of a similar kind to what has been made to-day. Trouble was taken to ascertain actual facts about voting by nominated non-official Members in the Council of State and it was found that up to that time, 1924, the number of occasions on which they had voted against the Government was only slightly less than the number of occasions in which they had voted for the Government. That, Sir, I think is sufficient.

THE HONOURABLE MR. ABU ABDULLAH SYED HUSSAIN IMAM: I really congratulate the Honourable Members on their daring.

THE HONOURABLE SIR ARTHUR MCWATTERS: That is sufficient to show that nominated Members in this House do exercise their right of judgment. The other point which I wish to make—I should have preferred to have made it in the presence of the Honourable Lala Ram Soran Das, who unfortunately is not in his place, is that twice at least in the course of this debate he has stated or suggested first of all that certain taxation in this Bill was being imposed at the dictation of the Secretary of State. He obviously could have had no information on the point. It is purely what I call a fishing question. As he is not here I will tell not him, but the House, that there is absolutely no foundation whatever for that statement. He went on to say or suggest or hint that the action taken by the Governor General was again due to pressure from the Secretary of State. That is not only an absolutely baseless suggestion, a figment of his own imagination, but a very improper one for him to have made.

THE HONOURABLE THE PRESIDENT: The question is:

"That the Bill to supplement the Indian Finance Act, 1931, and to extend the operation of its temporary provisions, in the form recommended by the Governor General, be passed."

The Council divided :

AYES—24.

Akbar Khan, The Honourable Major
Nawab Sir Mahomed.
Basu, The Honourable Mr. Bijay
Kumar.
Browne, The Honourable Mr. P. H.
Charanjit Singh, The Honourable
Sardar.
Chetti, The Honourable Diwan
Bahadur G. Narayanaswami.
Chimman Lal, The Honourable Rai
Bahadur Lala.
Devadoss, The Honourable Mr. M. D.
Drake, The Honourable Mr. J. C. B.
Emerson, The Honourable Mr. H. W.
Fazl-i-Husain, The Honourable Khan
Bahadur Mian Sir.
Ghosal, The Honourable Mr.
Jyotsnanath.

Israr Hasan Khan, The Honourable
Khan Bahadur Sir Muhammad.
Jalan, The Honourable Rai Bahadur
Radha Krishna.
Lloyd, The Honourable Mr. A. H.
McWatters, The Honourable Sir
Arthur.
Miller, The Honourable Mr. E.
Mitter, The Honourable Sir Brojendra.
Natesan, The Honourable Mr. G. A.
Noon, The Honourable Nawab Malik
Mohammad Hayat Khan.
Pandit, The Honourable Sardar Shri
Jagannath Maharaj.
Shillidy, The Honourable Mr. J. A.
Thompson, The Honourable Sir John.
Watson, The Honourable Sir Charles.
Whitty, The Honourable Mr. J. T.

NOES—9.

Aiyangar, The Honourable Mr. K. V.
Rangaswamy.
Banerjee, The Honourable Mr.
Jagdish Chandra.
Ghosh Maulik, The Honourable Mr.
Satyendra Chandra.
Halim, The Honourable Khan
Bahadur Hafiz Muhammad.
Hussain Imam, The Honourable Mr.
Abu Abdullah Syed.

Jagdish Prasad, The Honourable Rai
Bahadur Lala.
Mitha, The Honourable Sardar Sahel
Suleman Cassum Haji.
Naidu, The Honourable Mr. Y.
Ranganayaka'u.
Sinha, The Honourable Kumar
Nripendra Narayan.

The motion was adopted.

THE HONOURABLE SIR BROJENDRA MITTER (Leader of the House):
Sir, there is no further business before the House this Session.

The Council then adjourned *sine die*.





